Registered Number 02450579

Parex Limited

Report and Financial Statements

31 December 2012

Directors
M A Shorrock
F Herbaut
G De La Roche Aymon

Secretary
A Cogbıll

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

Registered Office
Holly Lane Industrıal Estate
Atherstone
Warwıckshıre CV9 2QZ

Registered No 2450579

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £1,368,093 (2011 - £912,179) A dividend of £1,750,000 (2011 £1,500,000) was paid during the year The directors do not recommend a final dividend (2011 - £nil)

Principal activity and review of the business

The company's principal activities during the year were that of the manufacture and supply of specialist materials for civil engineering, infrastructure and construction No significant changes are foreseen

The directors consider that the result for the year under review is satisfactory Turnover increased in the year by £2,392,358 (20 9%)

Gross profit margins have been maintained at satisfactory levels due to the continued focus on quality within the products provided The margin achieved in 2012 was 38 9% (2011 40 3%)

Principal risks and uncertainties

The management of the company and its strategy are subject to a number of risks The key business risks and uncertainties affecting the company are considered to relate to customer retention, competition from other manufacturers, and continuity of product supply

The company is not dependent on one major customer, with the top ten customers comprising approximately 35% of total turnover The company focuses on customer support and product availability to ensure ongoing customer satisfaction and reduce the risk from competitors

The company places considerable attention on the availability of products supplied to customers through enhanced procurement management and a focus on customer requirements, thereby maximising the company's ability to meet or exceed customer expectations

To reduce credit risk, credit checks are carried out on all customers and appropriate credit limits set prior to an account being opened with further credit checks subsequently performed on an ad-hoc basis

The company makes the majority of its purchases and sales in Sterling and is therefore not materially exposed to movements in exchange rates

Key performance indicators ("KPIs")

The company's KPI's include turnover and gross profit details which are set out above The company's directors are of the opinion that any further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

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

Directors

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

M A Shorrock
F Herbaut
G De La Roche Aymon

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, 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

Re-appointment of auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company

By order of the Board

A Cogbill
Secretary
20th September 2013

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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

We have audited the financial statements of Parex Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Parex 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

Andrew Merrick (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Birmingham
23 September 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	13,812,298	11,419,940
Cost of sales		(8,444,687)	(6,812,572)
Gross profit		5,367,611	4,607,368
Administrative expenses		(3,359,868)	(3,229,628)
Operating profit	3	2,007,743	1,377,740
Interest receivable and similar income	6	45,771	30,405
Interest payable and similar charge	7	(187,895)	(127,110)
Income from shares in group companies		-	750,000
Amounts written off investments		-	(750,000)
Profit on ordinary activities before taxation		1,865,619	1,281,035
Tax on profit on ordinary activities	8	(497,526)	(368,856)
Profit for the financial year	17	1,368,093	912,179

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,368,093 in the year ended 31 December 2012 (2011 – profit of £912,179)

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	10	2,080,894	2,249,540
Tangible assets	11	819,325	812,842
Investments	12	79,184	79,184
		2,979,403	3,141,566
Current assets			
Stocks	13	972,663	879,052
Debtors	14	4,223,679	3,628,229
Cash at bank and in hand		719,471	678,219
		5,915,813	5,185,500
Creditors: amounts falling due within one year	15	(3,397,986)	(2,395,093)
Net current assets		2,517,827	2,790,407
Total assets less current liabilities		5,497,230	5,931,973
Creditors: amounts falling due after more than one year	16	(3,266,896)	(3,290,159)
Provisions for liabilities	8	(16,990)	(46,563)
Net assets		2,213,344	2,595,251
Capital and reserves			
Called up share capital	17	318,750	318,750
Share premium account	18	26,250	26,250
Profit and loss account	18	1,868,344	2,250,251
Shareholders' funds	18	2,213,344	2,595,251

Approved by the Board and authorised for issue on the date shown below

M A Shorrock

Director

20th September 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable 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 FRS 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	–	5 - 15 years
Know-how	–	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 off 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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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 and includes an appropriate proportion of direct labour costs Net realisable value is based on estimated selling price less additional costs to completion and disposal

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

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 charged 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

Foreign currencies

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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Revenue Recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must be met before revenue is recognised

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods

Rendering of Services

Revenue generated from the delivery of training courses is recognised when the training courses are delivered

Interest Income

Revenue is recognised as interest accrues using the effective interest method

Dividends

Revenue is recognised when the company's right to receive the payment is established

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 2 9% (2011 – 4 2%)

3. Operating profit

This is stated after charging / (crediting)

			2012	*2011*
			£	*£*
Auditors' remuneration	–	audit services	18,000	18,920
Depreciation of tangible fixed assets			256,678	248,289
Profit on disposal of tangible fixed assets			(25,795)	(11,556)
Amortisation of goodwill			168,646	168,645
Operating lease charges	–	plant and machinery	17,702	17,718
	–	land and buildings	164,932	163,498
Foreign exchange gain			(200,829)	(32,546)

Notes to the financial statements

at 31 December 2012

4. Directors' remuneration

	2012	2011
	£	£
Aggregate remuneration, pension contributions and amounts receivable under long-term incentive schemes	175,195	170,969

Some of the directors do not receive any emoluments from the company for acting in their capacity as directors and for their services to this company the costs of which are not considered to be significant Such directors of the company are also directors of other group companies and their remuneration is made through other group companies

5. Staff costs

	2012	2011
	£	£
Wages and salaries	2,149,852	1,879,351
Social security costs	222,808	200,963
Other pension costs	62,709	76,951
	2,435,369	2,157,265

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

	No	No
Administrative	15	15
Production	21	22
Sales	23	23
Research and development	4	4
	63	64

6. Interest receivable and similar income

	2012	2011
	£	£
Bank interest receivable	3,874	3,836
Group loan interest receivable	41,897	26,569
	45,771	30,405

7. Interest payable and similar charges

	2012	2011
	£	£
Hire purchase contracts	16,537	16,450
Bank interest payable	5	306
Group loan interest payable	171,353	109,393
Other interest payable	-	961
	187,895	127,110

Notes to the financial statements

at 31 December 2012

8. Tax

(a) Tax on profit on ordınary actıvıtıes

The tax charge ıs made up as follows

	2012	*2011*
	£	*£*
Current tax:		
UK corporatıon tax on the profit for the year	526,675	401,807
Adjustment ın respect of prıor years	424	(15,341)
Total current tax (note 8(b))	527,099	386,466
Deferred tax		
Orıgınatıon and reversal of tımıng dıfferences (note 8(c))	(25,480)	(5,124)
Prıor year adjustment	(400)	(7,950)
Effect of changes ın tax rate	(3,693)	(4,536)
Tax on profit on ordınary actıvıtıes	497,526	368,856

(b) Factors affectıng tax charge for the year

The tax assessed for the year dıffers from the standard rate of corporatıon tax ın the UK of 24 5% (2011 – 26 5%) The dıfferences are explaıned below

	2012	*2011*
	£	*£*
Profit on ordınary actıvıtıes before tax	1,865,619	1,281,035
Profit on ordınary actıvıtıes multıplıed by standard rate of corporatıon tax ın the UK of 24 5% (2011 – 26 5%)	457,0779	339,474
Effects of		
Expenses not deductıble for tax purposes	41,647	50,995
Capıtal allowances ın excess of deprecıatıon	627	637
Other tımıng dıfferences	25,961	9,627
Adjustment ın respect of prıor years	424	(15,341)
Other	1,363	1,074
Current tax for the year (note 8(a))	527,099	386,466

Notes to the financial statements

at 31 December 2012

8. Tax (continued)

(c) Deferred tax

	£
At 1 January 2012	46,563
Charge to profit and loss	(25,480)
Adjustment in respect of prior years	(400)
Effect of change in tax rate	(3,693)
At 31 December 2012	16,990

	2012	*2011*
	£	£
Accelerated capital allowances	60,072	66,349
Sundry timing differences	(43,082)	(19,786)
	16,990	46,563

(d) Factors affecting future tax charges

In the Budget of 20 March 2013, the Government announced that the UK rate of corporation tax will reduce by 2% to 21% effective from 1 April 2014 and reduced further by 1% to 20% effective from 1 April 2015 These reductions in the corporation tax rate were substantively enacted on 2 July 2013 and as they were not substantively enacted as at 31 December 2012, will only be reflected in the accounts in future periods The aggregate impact of the proposed reduction in corporation tax rate from 23% to 20% on the closing deferred tax balance is a reduction of £2k

9. Dividends

	2012	*2011*
	£	£
Dividends Received		
From investments	-	750,000
Dividends Paid		
Paid £5 83 per 'A' share (2011 – £5 per 'A' share)	1,750,000	1,500,000

Notes to the financial statements

at 31 December 2012

10. Intangible fixed assets

	Purchased goodwill	*Other intangible fixed assets*	*Total*
	£	*£*	*£*
Cost			
At 1 January 2012	2,596,237	176,033	2,772,270
At 31 December 2012	2,596,237	176,033	2,772,270
Amortisation			
At 1 January 2012	346,697	176,033	522,730
Provided during the year	168,646	-	168,646
At 31 December 2012	515,343	176,033	691,376
Net book value			
At 31 December 2012	2,080,894	-	2,080,894
At 1 January 2012	2,249,540	-	2,249,540

Goodwill arising on the acquisition of the trades 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

11. Tangible fixed assets

	Plant and machinery
	£
Cost	
At 1 January 2012	1,899,149
Additions	284,469
Disposals	(154,672)
At 31 December 2012	2,028,946
Depreciation	
At 1 January 2012	1,086,307
Charge for the year	256,678
Disposals	(133,364)
At 31 December 2012	1,209,621
Net book value	
At 31 December 2012	819,325
At 1 January 2012	812,842

The net book value of tangible fixed assets includes an amount of £308,157 (2011 – £308,136) in respect of assets held under hire purchase contracts The related depreciation charge on these assets for the year was £109,497 (2011 – £98,248)

Notes to the financial statements

at 31 December 2012

12. Investments

	Subsidiary undertakings £
Cost	
At 1 January 2012 and 31 December 2012	4,209,184
Provision	
At 1 January 2012	4,130,000
Provided for the year	-
At 31 December 2012	4,130,000
Net book value	
At 31 December 2012	79,184
At 1 January 2012	79,184

Details of the investments in which the group and the company 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

13. Stocks

	2012 £	2011 £
Raw materials	616,592	510,859
Finished goods	356,071	368,193
	972,663	879,052

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

Notes to the financial statements

at 31 December 2012

14. Debtors

	2012	2011
	£	£
Trade debtors	2,642,005	2,010,922
Amounts owed by group undertakings	1,488,110	1,530,012
Other debtors	93,564	87,295
	4,223,679	3,628,229

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

15. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,057,949	897,665
Amounts owed to group undertakings	841,218	463,389
Other taxes and social security costs	501,215	335,416
Obligations under finance leases and hire purchase contracts	102,438	119,892
Other creditors	679,616	408,301
Corporation tax	215,550	170,430
	3,397,986	2,395,093

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

	2012	2011
	£	£
Obligations under hire purchase contracts	57,048	80,311
Amounts owed by group undertakings	3,209,848	3,209,848
	3,266,896	3,290,159

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

Maturity of finance leases and hire purchase contracts

	Hire purchase contracts	
	2012	2011
	£	£
Within one year	102,438	119,892
In one to two years	46,458	70,051
In two to five years	10,590	10,260
	159,486	200,203

Notes to the financial statements

at 31 December 2012

17. Issued share capital

Allotted, called up and fully paid	*No*	*2012* *£*	*No*	*2011* *£*
'A' Ordinary shares of £1 each	300,000	300,000	300,000	300,000
'B' Ordinary shares of 25p each	75,000	18,750	75,000	18,750
		318,750		318,750

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital *£*	*Share premium account* *£*	*Profit and loss account* *£*	*Total share-holders' funds* *£*
At 1 January 2011	318,750	26,250	2,838,072	3,183,072
Profit for the year	-	-	912,179	912,179
Dividend paid	–	–	(1,500,000)	(1,500,000)
At 1 January 2012	318,750	26,250	2,250,251	2,595,251
Profit for the year	-	-	1,368,093	1,368,093
Dividend paid	-	-	(1,750,000)	(1,750,000)
At 31 December 2012	318,750	26,250	1,868,334	2,213,344

19. 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 £65,660 (2011 – £76,951) Outstanding contributions amounting to £8,757 (2011 – £8,145) were payable to the fund and are included in Other creditors

20. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012 *Land and buildings* *£*	*2012* *Other* *£*	*2011* *Land and buildings* *£*	*2011* *Other* *£*
Operating leases which expire				
Within one year	4,375	18,020	63,275	17,718
In two to five years	126,550	-	32,500	-
	130,925	18,020	95,775	17,718

21. Related party transactions

The company is a wholly owned subsidiary of Materis Parent SARL, whose group financial statements 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

Notes to the financial statements

at 31 December 2012

22. 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 Parexgroup S A 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 prepared Copies of these group financial statements can be obtained from 2, rue St Zithe, L-1050 Luxembourg