2450579

Parex Limited (formerly Tecroc Products Limited)

Report and Financial Statements

31 December 2009

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 2009

Results and dividends

The profit for the year, after taxation, amounted to £690,507 (2008 – £1,572,417) The directors made a dividend payment of £1 per 'A' Ordinary share

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 1 January 2009 as part of a group reorganization the Company entered into an Asset Sale and Purchase Agreement to acquire the legal and beneficial ownership in the assets and the business of Parex Limited (now EIFS Limited) as a going concern for cash consideration of £180,000 The acquisition has given rise to purchased goodwill of £170,000

Subsequent to the acquisition on 8 April 2010 the company changed its name to Parex Limited

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 accounts 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

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 A. Cogbill
Secretary

Date 30TH SEPTEMBER 2010

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

We have audited the financial statements of Parex Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23 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 3, 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 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

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of 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

Ernst & Young LLP

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

30/9/2010

Profit and loss account

for the year ended 31 December 2009

	Notes	*2009* £	*2008* £
Turnover			
Ongoing		6,004,657	6,508,213
Acquisition		1,348,446	–
Turnover	2	7,353,103	6,508,213
Cost of sales	3	(4,495,171)	(3,692,552)
Gross profit			
Ongoing		2,419,624	2,815,661
Acquisition		438,308	–
Gross profit		2,857,932	2,815,661
Administrative expenses	3	(2,251,822)	(1,453,632)
Operating profit			
Ongoing		509,406	1,362,029
Acquisition		96,704	–
Operating profit	4	606,110	1,362,029
Interest receivable and similar income	7	19,503	27,105
Interest payable and similar charge	8	(155,288)	(252,817)
Income from shares in group companies		300,000	450,000
Profit on ordinary activities before taxation		770,325	1,586,317
Taxation	9	(79,818)	(13,900)
Profit for the financial year	20	690,507	1,572,417

All amounts relate to continuing activities Acquisition relates to the trade of Parex Limited (now EIFS Limited) acquired on 1 January 2009

Statement of total recognised gains and losses

for the year ended 31 December 2009

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £690,507 in the year ended 31 December 2009 (2008 – £1,572,417)

Balance sheet

at 31 December 2009

Registered No 2450579

	Notes	2009 £	2008 £
Fixed assets			
Intangible assets	11	136,000	–
Tangible assets	12	723,346	695,449
Investments	13	4,109,184	4,109,184
		4,968,530	4,804,633
Current assets			
Stocks	14	601,382	477,812
Debtors	15	1,382,184	2,088,806
Cash at bank and in hand		1,406,741	375,125
		3,390,307	2,941,743
Creditors. amounts falling due within one year	16	(1,460,997)	(1,179,526)
Net current assets		1,929,310	1,762,217
Total assets less current liabilities		6,897,840	6,566,850
Creditors amounts falling due after more than one year	17	(3,337,756)	(3,365,173)
Provisions for liabilities	18	(31,800)	(63,900)
		3,528,284	3,137,777
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	3,183,284	2,792,777
Shareholders' funds	20	3,528,284	3,137,777

M A Shorrock
Director

Date 30th September 2010

Notes to the financial statements

at 31 December 2009

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

The accounts 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 consolidated accounts that include the accounts 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

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

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 2009

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

Leased assets

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 2009

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 6 6% (2008 – 6%)

3. Cost of sales and operating expenses

	2009	*2008*
	£	*£*
Cost of sales		
Ongoing	(3,585,033)	(3,692,552)
Acquisition	(910,138)	–
Cost of sales	(4,495,171)	(3,692,552)
Administrative expenses		
Ongoing	(1,910,218)	(1,453,632)
Acquisition	(341,604)	–
Administrative expenses	(2,251,822)	(1,453,632)

4. Operating Profit

This is stated after charging/ (crediting)

	2009	*2008*
	£	*£*
Amortisation of goodwill	34,000	–
Depreciation of tangible fixed assets	168,894	150,669
(Gain)/ loss on disposal of tangible fixed assets	(5,778)	(5,624)
Hire of plant and machinery – operating leases	17,431	18,159
Hire of other assets – operating leases	115,680	112,333
Auditors' remuneration – audit services	15,500	15,900

5. Directors' emoluments

	2009	*2008*
	£	*£*
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	154,400	142,300

Notes to the financial statements

at 31 December 2009

6. Staff costs

	2009	*2008*
	£	*£*
Wages and salaries	1,538,016	1,215,514
Social security costs	155,898	119,689
Pension costs	130,281	23,470
	1,824,195	1,358,673

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

	2009	*2008*
	No	*No*
Administrative	10	10
Production	22	22
Sales	11	11
Research and development	4	4
	47	47

7. Interest receivable and similar income

	2009	*2008*
	£	*£*
Bank interest receivable	19,503	27,105

8. Interest payable and similar charges

	2009	*2008*
	£	*£*
Hire purchase contracts	12,141	13,164
Bank interest payable	367	264
Group interest payable	142,780	239,389
	155,288	252,817

Notes to the financial statements

at 31 December 2009

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009	2008
	£	£
Current tax		
UK corporation tax based on the profit for the year	112,480	315,327
Adjustment in respect of previous periods	(562)	(312,227)
Total current tax (note 9(b))	111,918	3,100
Deferred tax		
Origination and reversal of timing differences (note 18)	(30,813)	10,800
Prior year adjustment	(1,287)	–
Taxation on profit on ordinary activities	79,818	13,900

(b) Factors affecting the tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 28% (2008 – 28%) The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	770,325	1,586,317
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 – 28%)	215,691	444,169
Effects of		
Expenses not deductible for tax purposes	(81,204)	(123,475)
Capital allowances (excess)/ arrears of depreciation	(6,127)	(5,816)
Other timing differences	5,346	(5,054)
Adjustment in respect of previous periods	(562)	(312,227)
Utilisation of losses transferred with acquisition	(21,226)	–
Other	–	5,503
Current tax for the year (note 9(a))	111,918	3,100

10. Dividends

'A' Ordinary shares of £1 each		
Paid £1 per share	300,000	–

Notes to the financial statements

at 31 December 2009

11. Intangible assets

	Purchased goodwill £	*Other intangible fixed assets* £	*Total* £
Cost			
At 1 January 2009	41,000	176,033	217,033
Additions (note 13)	170,000	–	170,000
At 31 December 2009	211,000	176,033	387,033
Amortisation.			
At 1 January 2009	41,000	176,033	217,033
Provided during the year	34,000	–	34,000
At 31 December 2009	75,000	176,033	251,033
Net book value			
At 31 December 2009	136,000	–	136,000
At 1 January 2009	–	–	–

Goodwill arising on the acquisition of the trade of Parex Limited (now EIFS Limited) is being amortised evenly over the directors' estimate of its useful economic life of 5 years

12. Tangible fixed assets

	Plant and machinery, etc £
Cost	
At 1 January 2009	1,326,833
Additions	193,888
Acquisition of business	10,000
Disposals	(41,454)
At 31 December 2009	1,489,267
Depreciation.	
At 1 January 2009	631,384
Provided for the year	168,894
Disposals	(34,352)
At 31 December 2009	765,921
Net book value	
At 31 December 2009	723,346
At 1 January 2009	695,449

Notes to the financial statements
at 31 December 2009

12. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £194,477 (2008 – £231,825) in respect of assets held under hire purchase contracts The related depreciation charge on these assets for the year was £76,047 (2008 – £66,650).

13. Investments

	2009	*2008*
	£	*£*
Cost		
At 1 January 2009 and 31 December 2009	4,109,184	4,109,184

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%	Supply and distribution of specialist chemicals and mortars primarily for the construction industry

As part of a group reorganization on 1 January 2009 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 Parex Limited (now EIFS Limited) as a going concern for cash consideration of £180,000

Analysis of the acquisition

Net assets at date of acquisition

	£
Tangible fixed assets	10,000
Goodwill arising on acquisition (note 11)	170,000
	180,000
Discharged by	
Cash consideration	180,000

No fair value has been placed on tax losses acquired reflecting the previous trading performance of the acquired business

Notes to the financial statements

at 31 December 2009

14. Stocks

	2009 £	2008 £
Raw materials	601,382	477,812

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

15. Debtors

	2009 £	2008 £
Trade debtors	1,095,487	1,419,999
Amounts owed by group undertakings	76,798	180,000
Other debtors	33,971	176,720
Corporate tax	175,928	312,087
	1,382,184	2,088,806

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

16. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	866,845	510,997
Corporation tax	–	261,358
Other taxation and social security	155,058	169,770
Obligations under finance lease and hire purchase contracts	72,007	92,123
Other creditors	367,087	145,278
	1,460,997	1,179,526

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

	2009 £	2008 £
Obligations under hire purchase contracts	37,756	65,173
Amounts owed to group undertakings	3,300,000	3,300,000
	3,337,756	3,365,173

Notes to the financial statements

at 31 December 2009

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

Maturity of debt

	Hire purchase contracts 2009	2008
	£	£
In one year or less, or on demand	72,007	92,123
In more than one year but not more than two years	28,957	49,255
In more than two years but not more than five years	8,799	15,918
	37,756	65,173

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 2009	63,900
Credited to profit and loss	(30,813)
Adjustment in respect of prior periods	(1,287)
At 31 December 2009	31,800

Deferred taxation

	2009	2008
	£	£
Accelerated capital allowances	73,500	65,600
Sundry timing differences	(8,300)	(1,700)
Losses transferred with acquisition now recognised	(33,400)	–
	31,800	63,900

19. Issued share capital

		2009		2008
Allotted, called up and fully paid	*No*	£	*No*	£
Ordinary shares of £1 each			–	–
'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 2009

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	*Share premium account* £	*Profit and loss account* £	*Total* £
At 1 January 2008	318,750	26,250	1,220,360	1,565,360
Profit for the year	–	–	1,572,417	1,572,417
At 31 December 2008	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 31 December 2009	318,750	26,250	3,183,284	3,528,284

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 £130,281 (2008 – £20,783) Outstanding contributions amounting to £6,690 (2008 – £4,596) 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·

	2009 Land and buildings £	*2009 Other* £	*2008 Land and buildings* £	*2008 Other* £
Operating leases which expire				
Within one year	–	17,472	–	16,920
After five years	115,680	–	115,450	–

23. Ultimate parent undertaking and controlling party

On 18 July 2007, the entire issued share capital was acquired by Materis Group

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