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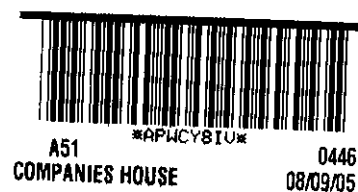
Tecroc Products Limited

Report and Financial Statements

Year Ended

31 December 2004

BDO
BDO Stoy Hayward
Chartered Accountants



Tecroc Products Limited

Annual report and financial statements for the year ended 31 December 2004

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Directors

E V Wetton
G Russell
M A Shorrocks
J M Daley

Secretary and registered office

A Cogbill, Holly Lane Industrial Estate, Atherstone, Warwickshire, CV9 2RN

Company number

2450579

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Tecroc Products Limited

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Interim dividends of £0.54 per share were paid to A ordinary shareholders and £0.92 per share were paid to B ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

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.

Charitable and political contributions

During the year the company made charitable contributions of £75 (2003 - £298).

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each		A Ordinary shares of £1 each		B Ordinary shares of 25 pence each	
	31 December 2004*	1 January 2004**	31 December 2004*	1 January 2004**	31 December 2004*	1 January 2004**
E V Wetton	-	300,000	300,000	-	-	-
G Russell	-	-	-	-	15,000	-
M A Shorrocks	-	-	-	-	15,000	-
J M Daley (appointed 1 March 2004)	-	-	-	-	-	-
P J Williams (resigned 1 March 2004)	-	-	-	-	-	-

* or date of resignation (if earlier)

** or date of appointment (if later)

M A Shorrocks and G Russell each had options to acquire 37,500 B Ordinary shares of 25p each in Tecroc Products Limited at 60p per share, granted on 15 March 2004 and vest subject to certain performance conditions.

On 15 November 2004, M A Shorrocks and G Russell each exercised 15,000 of these options.

Tecroc Products Limited

Report of the directors for the year ended 31 December 2004 (*Continued*)

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 of the company for that year. 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; 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 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 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



A Cogbill

Secretary

Date: 17-09-05

Tecroc Products Limited

Report of the independent auditors

To the shareholders of Tecroc Products Limited

We have audited the financial statements of Tecroc Products Limited for the year ended 31 December 2004 on pages 5 to 18 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Birmingham

18 August 2005

Tecroc Products Limited**Profit and loss account for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	2	3,253,494	3,204,037
Cost of sales		<u>1,911,012</u>	<u>1,788,504</u>
Gross profit		1,342,482	1,415,533
Administrative expenses		<u>1,104,969</u>	<u>1,153,333</u>
Operating profit	3	237,513	262,200
Other interest receivable and similar income		50	288
Interest payable and similar charges	6	<u>(17,808)</u>	<u>(9,976)</u>
Profit on ordinary activities before taxation		219,755	252,512
Taxation on profit on ordinary activities	7	<u>61,233</u>	<u>61,767</u>
Profit on ordinary activities after taxation		158,522	190,745
Dividends	8	<u>176,800</u>	<u>120,000</u>
(Accumulated loss)/retained profit	17	(18,278)	70,745
Retained profit brought forward	17	<u>359,338</u>	<u>288,593</u>
Retained profit carried forward	17	<u>341,060</u>	<u>359,338</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 7 to 18 form part of these financial statements.

Tecroc Products Limited

Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	10		611,829		491,544
Current assets					
Stocks	11	254,393		258,860	
Debtors	12	843,856		805,450	
Cash at bank and in hand		345		314	
		<u>1,098,594</u>		<u>1,064,624</u>	
Creditors: amounts falling due within one year	13	<u>874,001</u>		<u>774,810</u>	
Net current assets			<u>224,593</u>		<u>289,814</u>
Total assets less current liabilities			<u>836,422</u>		<u>781,358</u>
Creditors: amounts falling due after more than one year	14	108,362		78,020	
Provision for liabilities and charges	15	<u>69,000</u>		<u>44,000</u>	
			<u>177,362</u>		<u>122,020</u>
			<u>659,060</u>		<u>659,338</u>
Capital and reserves					
Called up share capital	16		307,500		300,000
Share premium account	17		10,500		-
Profit and loss account	17		341,060		359,338
Equity shareholders' funds	18		<u>659,060</u>		<u>659,338</u>

The financial statements were approved by the Board on 17th August 2005

Mark Shorrock

M A Shorrock
Director

The notes on pages 7 to 18 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

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

Any permanent diminution in value is recognised immediately.

Turnover

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

Depreciation

Depreciation is provided to write off the cost, less 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

Stocks

Stocks are valued at the lower of 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.

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.

1 Accounting policies (*continued*)

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.

Pension costs

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.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Turnover

	2004 £	2003 £
Analysis by geographical market:		
United Kingdom	3,081,826	3,034,160
Europe	171,668	169,877
	<hr/>	<hr/>
	3,253,494	3,204,037
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

3 Operating profit

	2004 £	2003 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	105,967	91,493
Amortisation of positive goodwill	-	1,833
Profit on disposal of intangible fixed assets	(40,000)	-
Hire of plant and machinery - operating leases	17,125	16,296
Hire of other assets - operating leases	64,950	64,950
Exchange differences	-	600
Auditors remuneration	7,000	7,000
	<u>105,967</u>	<u>91,493</u>

4 Employees

Staff costs (including directors) consist of:

	2004 £	2003 £
Wages and salaries	964,009	960,856
Social security costs	100,454	97,680
Other pension costs	30,454	15,650
	<u>1,094,917</u>	<u>1,074,186</u>

The average number of employees (including directors) during the year was as follows:

	2004 Number	2003 Number
Office and management	13	13
Sales	13	13
Research and development	2	2
Production	12	12
	<u>40</u>	<u>40</u>

Tecroc Products Limited**Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)****5 Directors' remuneration**

	2004 £	2003 £
Directors' emoluments	265,729	230,205
Company contributions to money purchase pension schemes	9,410	3,960
	<u> </u>	<u> </u>

The total amount payable to the highest paid director in respect of emoluments was £93,636 (2003 - £91,800).

6 Interest payable and similar charges

	2004 £	2003 £
Bank loan and overdraft	3,004	445
All other loans	7	7
Hire purchase contracts	14,797	9,524
	<u> </u>	<u> </u>
	17,808	9,976
	<u> </u>	<u> </u>

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

7 Taxation on profit on ordinary activities

	2004 £	2003 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	36,000	47,000
Adjustment in respect of previous periods	233	(233)
	<hr/>	<hr/>
Total current tax	36,233	46,767
<i>Deferred tax</i>		
Origination and reversal of timing differences	25,000	15,000
	<hr/>	<hr/>
Taxation on profit on ordinary activities	61,233	61,767
	<hr/>	<hr/>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	219,755	252,512
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	65,927	75,754
Effect of:		
Expenses not deductible for tax purposes	7,263	(1,675)
Capital allowances for period in excess of depreciation	(21,290)	(12,120)
Adjustment to tax charge in respect of previous periods	233	(233)
Marginal relief	(15,900)	(14,959)
	<hr/>	<hr/>
Current tax charge for period	36,233	46,767
	<hr/>	<hr/>

8 Dividends

	2004 £	2003 £
<i>Equity shares</i>		
Interim paid of £Nil (2003 - £0.40) per Ordinary share	-	120,000
Interim paid of £0.54 (2003 - £Nil) per A Ordinary share	163,000	-
Interim paid of £0.92 (2003 - £Nil) per B Ordinary share	13,800	-
	<hr/>	<hr/>
	176,800	120,000
	<hr/>	<hr/>

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

9 Intangible assets

	Purchased goodwill £	Know how £	Total £
<i>Cost</i>			
At 1 January 2004	40,000	176,033	216,033
Disposals	-	(26,000)	(26,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	40,000	150,033	190,033
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2004	40,000	176,033	216,033
Disposals	-	(26,000)	(26,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	40,000	150,033	190,033
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2003 and 31 December 2004	-	-	-
	<hr/>	<hr/>	<hr/>

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

10 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 January 2004	673,789	164,111	837,900
Additions	167,324	102,147	269,471
Disposals	-	(81,386)	(81,386)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	841,113	184,872	1,025,985
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2004	296,498	49,858	346,356
Provided for the year	60,394	45,573	105,967
Disposals	-	(38,167)	(38,167)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	356,892	57,264	414,156
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2004	484,221	127,608	611,829
	<hr/>	<hr/>	<hr/>
At 31 December 2003	377,291	114,253	491,544
	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £331,068 (2003 - £207,268) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £72,740 (2003 - £47,678).

11 Stocks

	2004 £	2003 £
Raw materials and consumables	129,791	141,941
Finished goods and goods for resale	124,602	116,919
	<hr/>	<hr/>
	254,393	258,860
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

12 Debtors

	2004 £	2003 £
Trade debtors	798,520	767,518
Other debtors	714	-
Prepayments and accrued income	44,622	37,932
	<u>843,856</u>	<u>805,450</u>

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

13 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan and overdraft (secured)	63,253	180,158
Other loans	100	100
Trade creditors	465,283	304,789
Corporation tax	36,000	47,000
Other taxation and social security	101,686	100,972
Obligations under finance lease and hire purchase contracts	111,385	71,916
Other creditors	23,584	14,328
Accruals	72,710	55,547
	<u>874,001</u>	<u>774,810</u>

The company's bank overdraft facility is secured by an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company.

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

14 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Obligations under hire purchase contracts	108,362	78,020
Maturity of debt:		
	Hire purchase contracts 2004 £	Hire purchase contracts 2003 £
In one year or less, or on demand	111,385	71,916
In more than one year but not more than two years	77,920	54,538
In more than two years but not more than five years	30,442	23,482
	108,362	78,020

15 Provision for liabilities and charges

		Deferred taxation £
At 1 January 2004		44,000
Utilised in year		25,000
		<hr/>
At 31 December 2004		69,000
		<hr/>
<i>Deferred taxation</i>		
	2004 £	2003 £
Accelerated capital allowances	59,000	44,000
Sundry timing differences	10,000	-
	<hr/>	<hr/>
	69,000	44,000

There is no unprovided deferred tax.

Tecroc Products Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

16 Share capital

	2004	Authorised 2003	Allotted, called up and fully paid	
	£	£	2004	2003
			£	£
<i>Equity share capital</i>				
Ordinary shares of £1 each	181,250	500,000	-	300,000
A Ordinary shares of £1 each	300,000	-	300,000	-
B Ordinary shares of 25p each	75,000	-	7,500	-
	<u>556,250</u>	<u>500,000</u>	<u>307,500</u>	<u>300,000</u>

On 15 March 2004 the authorised share capital was amended such that the 500,000 Ordinary shares were amended to 181,250 undesignated Ordinary shares of £1 each, 300,000 A Ordinary shares of £1 each and 75,000 B Ordinary shares of £0.25 each. The 300,000 Ordinary shares in issue at this time were re-classified as A Ordinary shares.

On 15 November 2004, 30,000 B Ordinary shares of £0.25 each were issued at a premium of £0.35 per share.

All shares carry equal rights in all respects.

Share Option Scheme

At 31 December 2004 the following share options were outstanding in respect of the B ordinary shares:

Date of grant	Number of shares	Price per share
15 March 2004	45,000	60p

The option is exercisable on certain performance conditions being met.

17 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2004	-	359,338
Premium on shares issued during the year	10,500	-
Loss for the year	-	(18,278)
	<u>10,500</u>	<u>341,060</u>
At 31 December 2004	<u>10,500</u>	<u>341,060</u>

18 Reconciliation of movements in shareholder's funds

	2004 £	2003 £
Profit for the year	158,522	190,745
Dividends	(176,800)	(120,000)
	<hr/>	<hr/>
	(18,278)	70,745
Issue of shares	7,500	-
Premium on shares issued during the year	10,500	-
	<hr/>	<hr/>
Net (deductions from)/additions to shareholder's funds	(278)	70,745
Opening shareholder's funds	659,338	588,593
	<hr/>	<hr/>
Closing shareholder's funds	659,060	659,338
	<hr/> <hr/>	<hr/> <hr/>

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 £30,454 (2003 - £15,650). Contributions amounting to £15,689 (2003 - £7,417) were payable to the fund and are included in creditors.

20 Commitments under operating leases

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

	2004 Land and buildings £	2004 Other £	2003 Land and buildings £	2003 Other £
Operating leases which expire:				
Within one year	-	17,125	-	-
In two to five years	-	-	-	16,296
After five years	64,950	-	61,600	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 Related party disclosures

Related party transactions and balances

	PCE Limited	Easipoint Marketing Limited	PCE Limited	Easipoint Marketing Limited
	2004	2004	2003	2003
	£	£	£	£
Sales to	176,414	414,856	316,940	344,764
Purchases from	89,400	1,894	74,288	-
Amounts owed to	89,851	-	35,724	-
Amounts owed from	203,512	128,815	214,670	113,100
Other charges levied	90,900	13,287	70,200	12,900
Other charges payable	46,800	-	44,400	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Mr E V Wetton is the principle shareholder in PCE Group Holdings Limited and a shareholder of Easipoint Marketing Limited.

All of the above transactions were recorded at an arm's length basis on normal trading terms.

The other charges levied relate to a management charge from PCE Limited of £90,900 (2003 - £70,200) for the services of senior management during the year and a service charge due from Easipoint Marketing Limited of £13,827 (2003 - £12,900) for the overhead expenses incurred by Tecroc Products Limited on Easipoint Marketing Limited's behalf.

The other charges payable relate to a service charge due to PCE Limited of £46,800 (2003 - £44,400) for the overhead expenses incurred by PCE Limited on Tecroc Products Limited's behalf.

During the year the company had a loan on commercial terms from PCE Limited. The amount outstanding at the year end is £100 (2003 - £100).