

**Company Registration Number 3934114**

## **Iotech Limited**

### **Report and Financial Statements**

**31 December 2010**

THURSDAY



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COMPANIES HOUSE

**Directors**

H Perrin de Brichambaut (Chairman)

S H Sullivan

J M P de Martres

**Secretary**

K S Aldred

**Auditors**

Ernst & Young LLP

100 Barbirolli Square

Manchester M2 3EY

**Registered Office**

Iotech House

Miller Street

Preston

Lancashire PR1 1EA

## Directors' report

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

### Results and dividends

The profit for the year after taxation amounted to £10,820,000 (2009 - £3,038,000)

### Principal activity and review of the business

The principal activity of the company is that of an intermediate holding company

On 8 January 2010, a group restructuring took place resulting in the transfer of the company's two manufacturing subsidiaries in the USA to Sika AG group companies in the USA. Iotech Limited received a dividend in specie of £185,851 from Incorez Limited (the dividend consisting of the receivables owed to Incorez Limited by Incorez Corporation). Iotech Limited received a dividend in specie of £3,680,147 from Liquid Plastics Limited (the dividend consisting of the receivables owed to Liquid Plastics Limited by Liquid Plastics, Inc and by Incorez Corporation).

Iotech Limited then made capital contributions of £185,851 to Incorez Corporation and £3,680,147 to Liquid Plastics, Inc. Incorez Corporation merged with and into Acquisition LLC which changed its name to Incorez LLC in the USA. Liquid Plastics Inc merged with and into Sika Corporation in the USA. This investment was then transferred to Sika AG group companies in the USA, such that a loss was recorded.

On 28 May 2010, Iotech Limited paid a cash dividend of £10,820,000 to its ultimate parent Sika AG.

On 27 July 2010, the company sold its investment in Sika FZCO (which had changed its name from Liquid Plastics FZCO on 21 September 2009) to Sika Services AG. The proceeds equated the carrying value at 31 December 2009.

On 5 January 2011, a group restructuring took place resulting in the transfer of the company's two property subsidiaries in the USA to a Sika AG group company in the USA. The investments were disposed of for consideration of US\$2. The investments have a £nil carrying value at 31 December 2010.

### Future developments

The directors are aware that further group restructuring will take place in 2011 that may negate the requirement for Iotech Limited to exist as a holding company.

### Principal risks and uncertainties

The company finances their operations through a mixture of retained profits and, where necessary to fund expansion or capital expenditure programmes, through bank borrowings.

The company has identified the following financial risk and manages this as follows:

**Liquidity risk** – seek to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds, and match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

## Directors' report (continued)

### Directors

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

H Perrin de Brichambaut

S H Sullivan

J M P de Martres (appointed 1 June 2010)

A W Bleiber (resigned 31 May 2010)

D W Carroll (resigned 31 May 2010)

### 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, the directors have taken all the steps that they are obliged to take as directors in order to make themselves 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.

On behalf of the Board



S H Sullivan

Director

Date

27<sup>th</sup> September 2011

## 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, 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 adequate 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 auditor's report**

**to the members of Iotech Limited**

We have audited the financial statements of Iotech 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 12. 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 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 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 auditor's report (continued)

to the members of Iotech 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*

Peter Chapman (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

Date *28.09.11*

## Profit and loss account

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Administrative expenses		(3,872)	(1)
Other income		6	6
<b>Operating (loss) / profit</b>	2	<b>(3,866)</b>	<b>5</b>
Non-operating exceptional items	4	-	(452)
<b>Loss on ordinary activities before investment income and taxation</b>		<b>(3,866)</b>	<b>(447)</b>
Income from investments – dividends from subsidiaries		14,686	3,486
<b>Profit on ordinary activities before taxation</b>		<b>10,820</b>	<b>3,039</b>
Tax	5	-	(1)
<b>Profit for the financial year</b>	9	<b>10,820</b>	<b>3,038</b>

All of the activities of the company are classed as continuing

## Statement of total recognised gains and losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the profits attributable to the shareholders of the company of £10,820,000 in the year ended 31 December 2010 (2009 – profit of £3,038,000)



## Balance sheet

at 31 December 2010

	Notes	2010 £000	2009 £000
<b>Fixed assets</b>			
Investments	6	2,862	2,877
		<u>2,862</u>	<u>2,877</u>
<b>Current assets</b>			
Cash at bank and in hand		14	1
<b>Creditors:</b> amounts falling due within one year	7	(2,663)	(2,665)
<b>Net current liabilities</b>		<u>(2,649)</u>	<u>(2,664)</u>
<b>Total assets less current liabilities</b>		<u>213</u>	<u>213</u>
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account	9	213	213
<b>Shareholders' funds</b>	10	<u>213</u>	<u>213</u>

The financial statements of Iotech Limited were approved and authorised for issue by the board of directors on 27 September 2011

S H Sullivan  
Director



Company registration number 3934114

## Balance sheet

at 31 December 2010

### 1. Accounting policies

#### ***Basis of preparation***

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

#### ***Group financial statements***

The company is a wholly owned subsidiary of Sika AG. The company has taken advantage of the exemption available in Section 401 of the Companies Act 2006 from the obligation to prepare and deliver group financial statements. The group financial statements of Sika AG include the results of the company and its subsidiaries. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

#### ***Statement of cash flows***

The company has taken advantage of the exemption in FRS 1 (Revised 1996) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes group financial statements.

#### ***Going concern***

The directors believe the going concern basis of preparation to be appropriate despite having net current liabilities of £2,649k. Dividend income received in May 2011 has been utilised to settle the liabilities, such that the entity no longer has net current liabilities.

#### ***Fixed asset investments***

Fixed asset investments are stated at cost less provision for impairment.

The carrying value of investments is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***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 deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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.

## Balance sheet

at 31 December 2010

### 2 Operating (loss) / profit

This is stated after charging

	2010 £000	2009 £000
Provision for impairment of investments (see note 6)	3,866	-
Auditors' remuneration – audit of the financial statements	3	3
	<u>          </u>	<u>          </u>

The company did not employ any persons during the year (2009 – nil)

### 3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2010 £	2009 £
Emoluments receivable	127,951	123,189
Pension contributions to money purchase schemes	9,643	62,463
	<u>137,594</u>	<u>185,652</u>

The number of directors on whose behalf the company made pension contributions was as follows

	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

The remuneration disclosed includes all of the fees, other emoluments and pension contributions in respect of one director remunerated through Liquid Plastics Limited. It is not possible to determine the appropriate amount allocated to qualifying services to Iotech Limited.

The remuneration of certain other directors of the company are borne by a fellow subsidiary company of the Sika group. A management charge of £193,000 in respect of management services costs has been made by Sika Services AG on two subsidiary companies of Iotech Limited. This includes the directors' remuneration which it is not possible to identify separately.

## Balance sheet

at 31 December 2010

### 4. Non operating exceptional items

	2010	2009
	£000	£000
Exceptional costs arising from the sale of the company and its subsidiaries to Sika AG	-	452

This amount includes

Auditors' remuneration – Taxation services in respect of restructure and sale of company and subsidiaries (previous auditor)	-	35
– Other non-audit services (previous auditor)	-	8

There is no impact on the tax charge for the year as a result of the costs incurred in 2009 on the sale of the business

### 5. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	2009
	£000	£000
<i>Current tax</i>		
UK corporation tax on the profit for the year	-	1
(Over)/under provision in prior year	-	-
Total current tax (note 5(b))	-	1
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	1

## Balance sheet

at 31 December 2010

### 5. Tax (continued)

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year differs to the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	10,820	3,039
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	3,030	851
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,082	126
Non-taxable income from investments	(4,112)	(976)
Current tax for the year (note 5(a))	-	1

#### (c) Factors affecting future tax charges

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes, which have a significant effect on the Company's future tax position. As at 31 December 2010, the change in the tax rate from 28% to 27% which was to take effect from 1 April 2011, was 'substantively enacted' and as such, in accordance with accounting standards, this change has been reflected in the Company's financial statements as at 31 December 2010.

More recently in his budget of 24 March 2011, the Chancellor of the Exchequer proposed further decreases in the rate of UK corporation tax from 27% to 23%. The UK corporation tax rate is to reduce to 26% on 1 April 2011 and then by a further 1% each year, from April 2012. These proposed rate changes have not yet been enacted at the balance sheet date, but are to be enacted on an annual basis.

The rate change will also impact the amount of the future cash tax payment to be made by the Company. The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

## Balance sheet

at 31 December 2010

### 6. Investments

	<i>Subsidiary undertakings £000</i>
Cost	
At 1 January 2010	2,877
Additions	3,866
Disposals	(3,881)
As at 31 December 2010	<u>2,862</u>
Impairment	
At 1 January 2010	-
Charges in the year	3,866
Disposal of investments	(3,866)
As at 31 December 2010	<u>-</u>
Net book value	
As at 31 December 2010	<u>2,862</u>
As at 31 December 2009	<u>2,877</u>

The company held 100% of the share capital of the following at the year end

<i>Name</i>	<i>Class of share</i>	<i>Proportion held</i>	<i>Nature of business</i>
Liquid Plastics Limited	Ordinary	100%	Manufacture of specialised coatings
Incorez Limited	Ordinary	100%	Development and manufacture of resins
LPI Properties LLC (incorporated in USA)	Membership interests	100%	Real estate
Iotech Properties, Inc (incorporated in USA)	Capital stock	100%	Real estate

## Balance sheet

at 31 December 2010

### 6. Investments (continued)

The company's voting rights in respect of each subsidiary undertaking are held in the same proportion as the company's share of the ordinary share capital of each subsidiary.

Unless otherwise stated, the above companies have been incorporated in England and Wales. All companies operate in the country in which they were incorporated.

On 8 January 2010, a group restructuring took place resulting in the transfer of the company's two manufacturing subsidiaries in the USA to Sika AG group companies in the USA. Iotech Limited received a dividend in specie of £185,851 from Incorez Limited (the dividend consisting of the receivables owed to Incorez Limited by Incorez Corporation). Iotech Limited received a dividend in specie of £3,680,147 from Liquid Plastics Limited (the dividend consisting of the receivables owed to Liquid Plastics Limited by Liquid Plastics, Inc. and by Incorez Corporation).

Iotech Limited then made capital contributions of £185,851 to Incorez Corporation and £3,680,147 to Liquid Plastics, Inc. Incorez Corporation merged with and into Acquisition LLC which changed its name to Incorez LLC in the USA. Liquid Plastics Inc merged with and into Sika Corporation in the USA. The investments were then transferred to Sika AG group companies in the USA for nominal proceeds, such that a loss was recorded on the carrying value of the investment.

On 27 July 2010, the company sold its investment in Sika FZCO (which had changed its name from Liquid Plastics FZCO on 21 September 2009) to Sika Services AG. The proceeds equated the carrying value at 31 December 2009.

On 5 January 2011, a group restructuring took place resulting in the transfer of the company's two property subsidiaries in the USA to a Sika AG group company in the USA. The investments were disposed of for consideration of US\$2. The investments had a nil carrying value at 31 December 2010.

### 7. Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Amounts owed to group undertakings	2,659	2,656
Corporation tax creditor	1	1
Accruals	3	8
	<u>2,663</u>	<u>2,665</u>

### 8. Issued share capital

		2010		2009
	No	£000	No	£000
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	-	100	-
		<u>          </u>		<u>          </u>

## Balance sheet

at 31 December 2010

### 9. Movements on reserves

	<i>Profit and loss account £000</i>
At 1 January 2010	213
Profit for the year	10,820
Dividends declared & satisfied	(10,820)
At 31 December 2010	213

On 28 May 2010, Iotech Limited paid a cash dividend of £10,820,000 to its ultimate parent Sika AG.

### 10. Reconciliation of shareholders' funds

	<i>2010 £000</i>	<i>2009 £000</i>
Profit for the year	10,820	3,038
Dividends declared and satisfied	(10,820)	(2,636)
Net movement in shareholders' funds	-	402
Opening shareholders' funds	213	(189)
Closing shareholders' funds	213	213

### 11. Related party transactions

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with related parties that are part of the group of companies of which Sika AG is the ultimate parent. The consolidated accounts of Sika AG are publicly available.

### 12. Ultimate parent undertaking and controlling party

The directors consider Sika AG (Switzerland) to be the company's immediate parent undertaking. The directors consider the controlling party to be Schenker-Winkler Holding AG (Switzerland). The only undertaking that prepares group financial statements including the financial statements of the company is Sika AG (Switzerland). Copies of the group financial statements are available from Sika AG, Zugerstrasse 50, CH 6341 Baar, Switzerland.