

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 2 OCTOBER 2012 TO 31 DECEMBER 2013
FOR
TROLEX GROUP LIMITED**

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for the Period 2 October 2012 to 31 December 2013**

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TROLEX GROUP LIMITED

COMPANY INFORMATION
for the Period 2 October 2012 to 31 December 2013

DIRECTORS:

P Brian
G D Christopher
L Pierce-Jones
J Pierce-Jones
G Pierce-Jones

REGISTERED OFFICE:

10a Newby Road
Hazel Grove
Stockport
Cheshire
SK7 5DY

REGISTERED NUMBER:

08237689 (England and Wales)

AUDITORS:

Moss & Williamson Limited
Chartered Accountants
Statutory Auditor
Booth Street Chambers
Ashton-under-Lyne
Lancashire
OL6 7LQ

**GROUP STRATEGIC REPORT
for the Period 2 October 2012 to 31 December 2013**

The directors present their strategic report of the company and the group for the period 2 October 2012 to 31 December 2013.

The group was created on 1 January 2013 when the company acquired the whole of the share capital of its trading subsidiary Trolex Limited by way of a share for share exchange.


REVIEW OF BUSINESS

The turnover of Trolex Limited, the sole trading subsidiary, fell to £7.6 million as a result of the downturn in the global mining industry.

Trolex Limited continues to invest heavily in new and innovative products and has continued to develop a worldwide distribution network focussed on niche and expanding markets for future sales growth.

In addition the company has expanded its other business sectors particularly in regard to Industrial Sectors including Tunnelling, Shale Gas Exploration and Rail. The company has also re-aligned its overheads in relation to the reduced turnover and expects to return to profitability in 2014.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'G D Christopher', with a long horizontal line extending to the right.

G D Christopher - Director

27 June 2014

**REPORT OF THE DIRECTORS
for the Period 2 October 2012 to 31 December 2013**

The directors present their report with the financial statements of the company and the group for the period 2 October 2012 to 31 December 2013.

COMMENCEMENT OF TRADING

The company was incorporated on 2 October 2012. On 1 January 2013 the company (a) acquired all the share capital of Trolex Limited by way of a share for share exchange and (b) acquired a 50% interest in Trolex Mining Solutions Limited, a joint venture company.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2013.

DIRECTORS

The directors who have held office during the period from 2 October 2012 to the date of this report are as follows:

P Brian - appointed 22 February 2013
G D Christopher - appointed 22 February 2013
Gateley Incorporations Limited - appointed 2 October 2012 - resigned 12 October 2012
L Pierce-Jones - appointed 22 February 2013
J Pierce-Jones - appointed 22 February 2013
G Pierce-Jones - appointed 12 October 2012
M J Ward - appointed 2 October 2012 - resigned 12 October 2012

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

REPORT OF THE DIRECTORS
for the Period 2 October 2012 to 31 December 2013

AUDITORS

The auditors, Moss & Williamson Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a stylized 'G' and 'C' with a long horizontal stroke extending to the right.

G D Christopher - Director

27 June 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TROLEX GROUP LIMITED

We have audited the financial statements of Trolex Group Limited for the period ended 31 December 2013 on pages seven to twenty seven. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the period 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TROLEX GROUP 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



David Evans FCA (Senior Statutory Auditor)
for and on behalf of Moss & Williamson Limited
Chartered Accountants
Statutory Auditor
Booth Street Chambers
Ashton-under-Lyne
Lancashire
OL6 7LQ

27 June 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Period 2 October 2012 to 31 December 2013

	Notes	£	£
TURNOVER			
Group and share of joint ventures			8,095,643
Less:			
Share of joint ventures' turnover			(541,100)
GROUP TURNOVER	2		7,554,543
Cost of sales			2,981,181
GROSS PROFIT			4,573,362
Distribution costs		45,947	
Administrative expenses		5,267,969	
			5,313,916
			(740,554)
Other operating income	3		35,000
GROUP OPERATING LOSS	5		(705,554)
Share of operating loss in Joint ventures			(4,796)
Interest receivable and similar income		1,261	
			1,261
			(709,089)
Amounts written off investments Joint ventures			(525)
			(709,614)
Interest payable and similar charges	6		(44,441)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(754,055)
Tax on loss on ordinary activities	7		(212,870)
LOSS FOR THE FINANCIAL PERIOD FOR THE GROUP			(541,185)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current period.

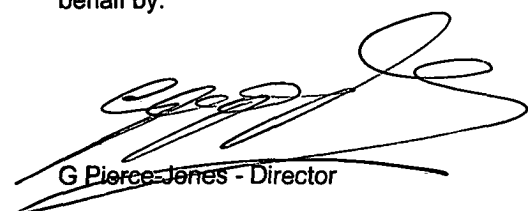
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Period 2 October 2012 to 31 December 2013**

	£
LOSS FOR THE FINANCIAL PERIOD	(541,185)
Pension scheme actuarial gains/losses:	
Actual return less expected return	139,000
Experience gains/(losses)	(9,000)
Changes in assumptions	(84,000)
Unrecognised surplus	(106,000)
	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	(601,185)
	<hr/>

CONSOLIDATED BALANCE SHEET
31 December 2013

	Notes	£	£
FIXED ASSETS			
Intangible assets	9		1
Tangible assets	10		2,630,431
Investments	11		
Interest in joint venture			
Share of gross assets			326,566
Share of gross liabilities			(331,362)
			<hr/>
			2,625,636
CURRENT ASSETS			
Stocks	12	1,057,208	
Debtors	13	1,776,116	
Cash in hand		8,429	
		<hr/>	
		2,841,753	
CREDITORS			
Amounts falling due within one year	14	1,451,893	
		<hr/>	
NET CURRENT ASSETS			1,389,860
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,015,496
CREDITORS			
Amounts falling due after more than one year	15		220,490
			<hr/>
NET ASSETS			3,795,006
			<hr/>
CAPITAL AND RESERVES			
Called up share capital	18		61,739
Share premium	19		29,779
Revaluation reserve	19		577,619
Capital redemption reserve	19		98,606
Profit and loss account	19		3,027,263
			<hr/>
SHAREHOLDERS' FUNDS	22		3,795,006
			<hr/>

The financial statements were approved by the Board of Directors on 27 June 2014 and were signed on its behalf by:



G Pierce Jones - Director


The notes form part of these financial statements

COMPANY BALANCE SHEET

31 December 2013

	Notes	£	£
FIXED ASSETS			
Intangible assets	9		-
Tangible assets	10		-
Investments	11		<u>62,739</u>
			62,739
CREDITORS			
Amounts falling due within one year	14	<u>1,050</u>	
NET CURRENT LIABILITIES			<u>(1,050)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>61,689</u>
CAPITAL AND RESERVES			
Called up share capital	18		61,739
Profit and loss account	19		<u>(50)</u>
SHAREHOLDERS' FUNDS	22		<u>61,689</u>

The financial statements were approved by the Board of Directors on 27 June 2014 and were signed on its behalf by:



G Pierce-Jones - Director

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the Period 2 October 2012 to 31 December 2013

	Notes	£	£
Net cash outflow from operating activities	1		(1,170,110)
Returns on investments and servicing of finance	2		(43,180)
Capital expenditure and financial investment	2		(472,728)
			(1,686,018)
Financing	2		124,360
Decrease in cash in the period			(1,561,658)
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(1,561,658)	
Cash inflow from increase in debt and lease financing		(124,360)	
Change in net debt resulting from cash flows			(1,686,018)
Movement in net debt in the period			(1,686,018)
Net debt at 2 October			-
Net debt at 31 December			(1,686,018)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Period 2 October 2012 to 31 December 2013

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	£
Operating loss	(705,554)
Depreciation charges	231,841
Decrease in stocks	238,298
Increase in debtors	(293,063)
Decrease in creditors	(581,632)
Difference between pension charge and cash contributions	(60,000)
Net cash outflow from operating activities	(1,170,110)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest received	1,261
Interest paid	(44,441)
Net cash outflow for returns on investments and servicing of finance	(43,180)
 Capital expenditure and financial investment	
Purchase of tangible fixed assets	(472,678)
Purchase of fixed asset investments	(50)
Net cash outflow for capital expenditure and financial investment	(472,728)
 Financing	
New loans in year	200,000
Loan repayments in year	(7,306)
Capital repayments in year	(68,334)
Net cash inflow from financing	124,360

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Period 2 October 2012 to 31 December 2013

3. ANALYSIS OF CHANGES IN NET DEBT

	At 2.10.12 £	Cash flow £	Acquisition of subsidiary £	At 31.12.13 £
Net cash:				
Cash at bank and in hand	-	(1,124,604)	1,133,033	8,429
Bank overdraft	-	(437,054)	-	(437,054)
	<u>-</u>	<u>(1,561,658)</u>	<u>1,133,033</u>	<u>(428,625)</u>
Debt:				
Hire purchase	-	68,334	(182,224)	(113,890)
Debts falling due within one year	-	(17,760)	-	(17,760)
Debts falling due after one year	-	(174,934)	-	(174,934)
	<u>-</u>	<u>(124,360)</u>	<u>(182,224)</u>	<u>(306,584)</u>
Total	<u>-</u>	<u>(1,686,018)</u>	<u>950,809</u>	<u>(735,209)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Period 2 October 2012 to 31 December 2013

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and subsidiaries controlled by the Company drawn up to 31 December 2013. On 1 January 2013 the company acquired the whole of the share capital of Trolex Limited, the main trading subsidiary, by way of a share for share exchange. The acquisition of Trolex Limited has been accounted for using merger accounting principles.

(b) Joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties. The Group's interests in jointly controlled entities are accounted for using the equity method. Under this method, the Group's share of the profits less losses of jointly controlled entities is included in the consolidated profit and loss account and its interests in their net assets is included in investments in the consolidated balance sheet. Financial statements of jointly controlled entities are prepared for the same reporting periods as the Group.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Patents

Patents are stated at cost.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on valuation
Plant and machinery	- at varying rates on cost
Motor vehicles	- 25% on cost

Freehold buildings are depreciated at 2% on valuation. Freehold land is not depreciated.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

1. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates two funded pension schemes, these schemes fall within the following categories:

Defined Contribution Scheme

The group operates a defined contribution pension scheme for the benefit of qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the fund.

Defined Benefit Scheme

The group also operates a defined benefit scheme for certain employees, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company and invested at the discretion of the trustees under the terms of the definitive trust deed.

The regular pension cost is charged to profit and loss account and is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of actuaries.

A pension surplus or deficit is recorded as the difference between the present value of the scheme liabilities and the fair value of the scheme assets. The group's share of pension surplus is recognised to the extent that the group is able to recover a surplus through reduced contributions in the future or through refunds from the scheme.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	£
Europe	5,337,586
America/Canada	443,995
Africa	173,074
Asia/Middle East	408,918
Australia/New Zealand	1,190,970
	<hr/>
	7,554,543
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

3. OTHER OPERATING INCOME

	£
Rents received	<u>35,000</u>

4. STAFF COSTS

	£
Wages and salaries	3,073,420
Social security costs	332,053
Other pension costs	234,975
	<u>3,640,448</u>

The average monthly number of employees during the period was as follows:

Office and management	28
Technical/Engineers	16
Operatives	33
	<u>77</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	£
Depreciation - owned assets	231,841
Auditors' remuneration	<u>15,000</u>
Directors' remuneration	<u>553,487</u>

Information regarding the highest paid director is as follows:

	£
Emoluments etc	<u>140,000</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Bank interest	<u>44,441</u>

7. TAXATION**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the period was as follows:

	£
Current tax:	
UK corporation tax	(106,435)
Deferred tax	<u>(106,435)</u>
Tax on loss on ordinary activities	<u>(212,870)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

7. TAXATION - continued**Factors affecting the tax credit**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	£
Loss on ordinary activities before tax	<u>(754,055)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.247%	<u>(175,295)</u>
Effects of:	
Expenses not deductible for tax purposes	3,131
Capital allowances in excess of depreciation	(28,066)
Utilisation of tax losses	250,932
Enhanced capital allowances	(144,426)
Pension provision	(13,948)
Joint venture	<u>1,237</u>
Current tax credit	<u>(106,435)</u>

Factors that may affect future tax charges

The group has tax losses carried forward potentially available for set off against profits arising in future periods. A deferred tax asset of £106,435 has been recognised to the extent that these are regarded as recoverable due to Research & Development tax credits. The amount of the deferred tax asset, not recognised in the accounts is £158,793.

8. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(50).

9. INTANGIBLE FIXED ASSETS**Group**

	Patents and licences £
COST	
At 2 October 2012 and 31 December 2013	<u>1</u>
NET BOOK VALUE	
At 31 December 2013	<u>1</u>
At 1 October 2012	<u>1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 January 2013	1,862,508	1,439,057	131,322	3,432,887
Additions	175,367	297,311	-	472,678
Disposals	-	(28,309)	-	(28,309)
At 31 December 2013	<u>2,037,875</u>	<u>1,708,059</u>	<u>131,322</u>	<u>3,877,256</u>
DEPRECIATION				
At 1 January 2013	18,500	951,386	73,407	1,043,293
Charge for period	18,500	190,802	22,539	231,841
Eliminated on disposal	-	(28,309)	-	(28,309)
At 31 December 2013	<u>37,000</u>	<u>1,113,879</u>	<u>95,946</u>	<u>1,246,825</u>
NET BOOK VALUE				
At 31 December 2013	<u>2,000,875</u>	<u>594,180</u>	<u>35,376</u>	<u>2,630,431</u>

Cost or valuation at 31 December 2013 is represented by:

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 2003	313,754	-	-	313,754
Valuation in 2006	508,189	-	-	508,189
Valuation in 2008	(300,000)	-	-	(300,000)
Valuation in 2011	37,176	-	-	37,176
Cost	<u>1,478,756</u>	<u>1,708,059</u>	<u>131,322</u>	<u>3,318,137</u>
	<u>2,037,875</u>	<u>1,708,059</u>	<u>131,322</u>	<u>3,877,256</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

11. FIXED ASSET INVESTMENTS**Group**

	Interest in joint venture £
COST	
At 1 January 2013	475
Additions	50
Disposals	(475)
Impairments	<u>(4,796)</u>
At 31 December 2013	<u>(4,746)</u>
PROVISIONS	
Provision for period	525
Eliminated on disposal	<u>(475)</u>
At 31 December 2013	<u>50</u>
NET BOOK VALUE	
At 31 December 2013	<u>(4,796)</u>

Interest in joint venture

The group's aggregate share of joint ventures is as follows:

	£
Loss before tax	(4,796)
Taxation	-
Loss after tax	<u>(4,796)</u>
 Share of assets	
Fixed assets	-
Current assets	326,576
 Share of liabilities	
Share of liabilities due within one year	(301,412)
Share of liabilities due after one year or more	(29,950)
 Share of net liabilities	<u>(4,786)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

11. FIXED ASSET INVESTMENTS - continued**Company**

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
Additions	<u>62,739</u>	<u>50</u>	<u>62,789</u>
At 31 December 2013	<u>62,739</u>	<u>50</u>	<u>62,789</u>
PROVISIONS			
Provision for period	<u>-</u>	<u>50</u>	<u>50</u>
At 31 December 2013	<u>-</u>	<u>50</u>	<u>50</u>
NET BOOK VALUE			
At 31 December 2013	<u><u>62,739</u></u>	<u><u>-</u></u>	<u><u>62,739</u></u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries**Trolex Limited**

Nature of business: Supply of equipment and monitoring sensors.

	%
Class of shares:	holding
Ordinary	100.00

Trolex Sales Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

	2013
	£
Aggregate capital and reserves	<u><u>1,000</u></u>

Joint venture**Trolex Mining Solutions Limited**

Nature of business: Activities for other mining and quarrying

	%
Class of shares:	holding
Ordinary	50.00

	2013
	£
Aggregate capital and reserves	(9,592)
Loss for the period	<u><u>(9,692)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

12. STOCKS

	Group £
Stocks	1,010,751
Work-in-progress	46,457
	<u>1,057,208</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £
Trade debtors	1,040,477
Other debtors	435,047
Tax	106,435
Deferred tax asset	106,435
Prepayments and accrued income	87,722
	<u>1,776,116</u>

Deferred tax asset

	Group £
Tax losses carried forward	<u>106,435</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £	Company £
Bank loans and overdrafts (see note 16)	454,814	-
Hire purchase contracts (see note 17)	68,334	-
Trade creditors	667,774	-
Amounts owed to group undertakings	-	1,000
Social security and other taxes	91,957	-
Other creditors	1,050	50
Accrued expenses	167,964	-
	<u>1,451,893</u>	<u>1,050</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group £
Bank loans (see note 16)	174,934
Hire purchase contracts (see note 17)	45,556
	<u>220,490</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

16. LOANS

An analysis of the maturity of loans is given below:

	Group £
Amounts falling due within one year or on demand:	
Bank overdrafts	437,054
Bank loans	17,760
	<u>454,814</u>
Amounts falling due between one and two years:	
Bank loans - 1-2 years	<u>174,934</u>

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group	£
Net obligations repayable:	
Within one year	68,334
Between one and five years	45,556
	<u>113,890</u>

18. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	£
1,234,722	Ordinary	£0.05	<u>61,739</u>

1,234,722 Ordinary shares of £0.05 were issued in exchange for 1,234,722 Ordinary shares of £0.05 in Trolex Limited.

19. RESERVES

Group	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 2 October 2012	3,628,448	29,779	577,619	98,606	4,334,452
Deficit for the period	(541,185)				(541,185)
Actuarial profit/(loss)	46,000	-	-	-	46,000
Pension surplus not recognised	(106,000)	-	-	-	(106,000)
At 31 December 2013	<u>3,027,263</u>	<u>29,779</u>	<u>577,619</u>	<u>98,606</u>	<u>3,733,267</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

19. RESERVES - continued

Company

	Profit and loss account £
Deficit for the period	(50)
At 31 December 2013	(50)

20. EMPLOYEE BENEFIT OBLIGATIONS

This note relates to the Trolex Staff Pension Scheme (the Scheme), which is a final salary pension scheme and was closed to new entrants with effect from 1 April 1997. Employed members continue to accrue benefits that are linked to final pensionable salary and service at date of retirement (or date of leaving the Scheme if earlier).

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees are required to act in the best interests of the Scheme's beneficiaries.

The liabilities of the Scheme are measured by discounting the best estimate of future cashflows to be paid out by the Scheme using the projected unit method, which is an accrued benefits valuation method in which the liabilities make allowance for projected salaries.

The last actuarial valuation was carried out by the Scheme Actuary as at 31 December 2012, updated to 31 December 2013. The results of their calculations and the assumptions they have adopted are shown below. The employer has agreed to pay the expenses of operating the Scheme, including any Pension Protection Fund and Pensions Regulator levies, and the cost of insurance of death-in-service benefits. It is estimated that total employer contributions of £30,000 will be paid to the Scheme in the year ending 31 December 2014 (excluding expenses, levies and insurance premiums).

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans £
Present value of funded obligations	(2,267,000)
Fair value of plan assets	2,267,000
	-
Present value of unfunded obligations	-
Deficit	-
Net liability	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans £
Current service cost	-
Interest cost	82,000
Expected return	(101,000)
Past service cost	-
Adjustment re Para 67c of FRS 17	19,000
	<u>-</u>
Actual return on plan assets	<u>240,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans £
Opening defined benefit obligation	2,027,000
Interest cost	82,000
Actuarial losses/(gains)	93,000
Benefits paid	(60,000)
Oblig no descr	125,000
	<u>2,267,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans £
Opening fair value of scheme assets	2,027,000
Contributions by employer	60,000
Expected return	101,000
Actuarial gains/(losses)	139,000
Benefits paid	(60,000)
	<u>2,267,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows:

	Defined benefit pension plans £
Actuarial gains/(losses)	130,000
Changes in assumptions and adjustment for unrecognised surplus net of deferred tax	(190,000)
	<u>(60,000)</u>
Cumulative amount of actuarial gains/(losses)	<u>(60,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans £
Equities	1,411,000
Gilts	599,000
Cash	257,000
	<u>2,267,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Discount rate	4.60%
Expected return on scheme assets	3.60%
Future salary increases	3.10%
Future pension increases	3.10%
Proportion of employees opting for early retirement	3.60%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return, which is determined by consideration of historical experience and current market factors. The rates of return assumed are 7% pa on equities (2012:7%), 3.2% on gilts (2012:2.1%) and 2.1% pa on cash (2012:2.1 %). Increase in pensions in payment, and deferred pensions subject to statutory revaluation, have been assumed to increase in line with future price inflation.

The mortality assumptions adopted for the purposes of the calculations as at 31 December 2013 is as follows:

Base table: '92 series' with the prudent margin removed

Future mortality improvements: minimum 1.5% males, 1% females plus 1 year

Average life expectancies

	2013	2012
Male future life expectancy at age 65 for 55 year old (in years)	24.0	24.4

Members are assumed to retire at the earliest age at which they can take their full pension unreduced. No allowance is included for members commuting their benefits at retirement.

Amounts for the current period are as follows:

	£
Defined benefit obligation	(2,267,000)
Fair value of scheme assets	2,267,000
Deficit	-
Experience adjustments on scheme liabilities	-
Experience adjustments on scheme assets	-

21. RELATED PARTY DISCLOSURES**Control**

The company was under the control of Mr J Pierce - Jones, a director of the company, throughout the current year.

Transactions

The company traded on normal commercial terms with the following companies, in which Mr J Pierce Jones had an interest:

	Sales in the year £	Purchases in the year £	Debtors at 31/12/2013 £	Creditors at 31/12/2013 £
Shenzhen Trolex Sensors	864	18,686	62,873	17,967
Trolex Holdings Limited	-	-	10,102	-
Trolex SA Pty Limited	-	-	92,811	-
Sentro Limited	-	-	4,039	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 2 October 2012 to 31 December 2013

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	£
Loss for the financial period	(541,185)
Other recognised gains and losses relating to the period (net)	(60,000)
Trox Ltd reserves at 1 January 2013	4,396,191
Net addition to shareholders' funds	3,795,006
Opening shareholders' funds	-
Closing shareholders' funds	3,795,006
Equity interests	3,795,006

Company

	£
Loss for the financial period	(50)
New share capital subscribed	61,739
Net addition to shareholders' funds	61,689
Opening shareholders' funds	-
Closing shareholders' funds	61,689
Equity interests	61,689