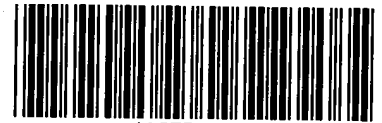


Report of the Directors and
Audited Financial Statements
for the Year Ended 31 December 2015
for
Isola Werke (UK) Limited

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Isola Werke (UK) Limited

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for the Year Ended 31 December 2015

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Isola Werke (UK) Limited

Company Information
for the Year Ended 31 December 2015

DIRECTORS:

M S Rafford
S M Myers

REGISTERED OFFICE:

Unit 3, Block 1
Duckburn Park
Dunblane
Perthshire
FK15 0EW

REGISTERED NUMBER:

SC093231 (Scotland)

SENIOR STATUTORY AUDITOR: James W A Cruickshank

AUDITORS:

James W A Cruickshank Business Services Limited
Chartered Accountants
Statutory Auditors
Inglewood
Wreay
Carlisle
Cumbria
CA4 0RL

SOLICITORS:

McLay Murray and Spens

Report of the Directors
for the Year Ended 31 December 2015

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

DIRECTORS

The directors who have held office during the period from 1 January 2015 to the date of this report are as follows:

A Morgan - resigned 30 September 2015
R Sharpe - resigned 10 August 2015
F G Bitter - resigned 30 June 2015
M S Rafford - appointed 30 June 2015

S M Myers was appointed as a director after 31 December 2015 but prior to the date of this report.

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 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 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 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.

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 company'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 company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



S M Myers - Director

25 August 2016

Report of the Independent Auditors to the Members of
Isola Werke (UK) Limited

We have audited the financial statements of Isola Werke (UK) Limited for the year ended 31 December 2015 on pages five to seventeen. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 two, 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 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 company's affairs as at 31 December 2015 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

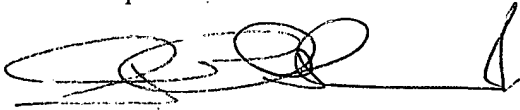
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Isola Werke (UK) 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



James W A Cruickshank (Senior Statutory Auditor)
for and on behalf of James W A Cruickshank Business Services Limited
Chartered Accountants
Statutory Auditors
Inglewood
Wreay
Carlisle
Cumbria
CA4 0RL

25 August 2016

Isola Werke (UK) Limited

Income Statement
for the Year Ended 31 December 2015

	Notes	31.12.15 £	£	31.12.14 £	£
TURNOVER			301,546		377,556
Cost of sales			482,726		562,656
GROSS LOSS			(181,180)		(185,100)
Administrative expenses			542,529		614,785
			(723,709)		(799,885)
Other operating income			84,467		130,720
OPERATING LOSS	2		(639,242)		(669,165)
Income from shares in group undertakings		17,996,916		16,521,467	
Interest receivable and similar income		2		2	
			17,996,918		16,521,469
			17,357,676		15,852,304
Amounts written off investments	3		9,318,076		-
			8,039,600		15,852,304
Interest payable and similar charges			71,352		86,944
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			7,968,248		15,765,360
Tax on profit on ordinary activities	4		1,165,098		1,667,351
PROFIT FOR THE FINANCIAL YEAR			6,803,150		14,098,009

The notes form part of these financial statements

Isola Werke (UK) Limited

Other Comprehensive Income
for the Year Ended 31 December 2015

	Notes	31.12.15 £	31.12.14 £
PROFIT FOR THE YEAR		6,803,150	14,098,009
OTHER COMPREHENSIVE INCOME			
Movement in Pension Scheme Deficit		67,000	(467,000)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		67,000	(467,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,870,150	13,631,009

The notes form part of these financial statements

Balance Sheet
31 December 2015

	Notes	31.12.15 £	31.12.14 £
FIXED ASSETS			
Investments	6	41,224,074	50,542,150
CURRENT ASSETS			
Debtors	7	5,818,338	128,147
Prepayments and accrued income		6,384	2,576
Cash at bank		26,852	23,134
		<u>5,851,574</u>	<u>153,857</u>
CREDITORS			
Amounts falling due within one year	8	<u>9,827,107</u>	<u>12,639,423</u>
NET CURRENT LIABILITIES		<u>(3,975,533)</u>	<u>(12,485,566)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,248,541</u>	<u>38,056,584</u>
CREDITORS			
Amounts falling due after more than one year	9	(3,314,983)	(3,540,800)
PENSION LIABILITY	12	<u>(1,124,000)</u>	<u>(1,191,000)</u>
NET ASSETS		<u><u>32,809,558</u></u>	<u><u>33,324,784</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	9,658,635	9,658,635
Retained earnings	11	<u>23,150,923</u>	<u>23,666,149</u>
SHAREHOLDERS' FUNDS		<u><u>32,809,558</u></u>	<u><u>33,324,784</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 25 August 2016 and were signed on its behalf by:


S M Myers - Director

Isola Werke (UK) Limited

Statement of Changes in Equity
for the Year Ended 31 December 2015

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	9,658,635	26,751,140	36,409,775
Changes in equity			
Dividends	-	(16,716,000)	(16,716,000)
Total comprehensive income	-	13,631,009	13,631,009
Balance at 31 December 2014	<u>9,658,635</u>	<u>23,666,149</u>	<u>33,324,784</u>
Changes in equity			
Dividends	-	(7,385,376)	(7,385,376)
Total comprehensive income	-	6,870,150	6,870,150
Balance at 31 December 2015	<u>9,658,635</u>	<u>23,150,923</u>	<u>32,809,558</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company prepares its financial statements on the basis that it continues to be a going concern. The Directors are of the opinion the dividend income stream of circa £52 million over the last three years will continue at the rate of circa £17 million per annum. They also believe the distributable reserves of £23.7m million as at 31st December 2014 is sufficient to fund activities for at least a further 12 months.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about Isola Werke (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Hatrick Lux No 3 SARL, a company registered in Luxembourg.

Turnover

Turnover comprises sales and commission receivable, recharges to a US sister subsidiary of OEM costs and is stated net of value added tax.

Deferred tax

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

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 company operated a defined benefit pension scheme which until 31st May 2011 had three active members. The scheme was closed to future benefit accrual on 31st May 2011. The company now makes employer contributions to personal pension plans (SIPP'S) of its former two active members. The scheme deficit at 1st April 2013 the date of the last full actuarial valuation was found to be £878,000. This was based on the funding level on the Statutory Funding Objective having fallen to 85% from 96% at the previous actuarial valuation. Following the most recent actuarial valuation the company has agreed with the Scheme trustees to increase the payment from £2,250 per month to £3,500 per month from the 1st April 2014. This rate of contribution is projected to funding the scheme deficit by 30 September 2018.

2. OPERATING LOSS

The operating loss is stated after charging:

	31.12.15	31.12.14
	£	£
Group Auditors	3,650	1,200
UK Auditors	4,500	4,500
Pension costs	85,132	93,674
	<u>93,282</u>	<u>99,374</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2. **OPERATING LOSS - continued**

Directors' remuneration and other benefits etc	98,491	118,241
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	-	1
	<u> </u>	<u> </u>

3. **AMOUNTS WRITTEN OFF INVESTMENTS**

	31.12.15	31.12.14
	£	£
Amounts w/o invs	9,318,076	-
	<u> </u>	<u> </u>

4. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.15	31.12.14
	£	£
Current tax:		
Irrecoverable Withholding Tax	1,165,098	1,667,351
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	1,165,098	1,667,351
	<u> </u>	<u> </u>

Tax effects relating to effects of other comprehensive income

	31.12.15	
	Gross	Tax
	£	£
Movement in Pension Scheme Deficit	67,000	-
	<u> </u>	<u> </u>
	67,000	-
	<u> </u>	<u> </u>

	31.12.14	
	Gross	Tax
	£	£
Movement in Pension Scheme Deficit	(467,000)	-
	<u> </u>	<u> </u>
	(467,000)	-
	<u> </u>	<u> </u>

5. **DIVIDENDS**

	31.12.15	31.12.14
	£	£
Ordinary shares of 1 each		
Final	7,385,376	16,716,000
	<u> </u>	<u> </u>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2015	50,542,150
Impairments	(9,318,076)
	<hr/>
At 31 December 2015	41,224,074
	<hr/>
NET BOOK VALUE	
At 31 December 2015	41,224,074
	<hr/>
At 31 December 2014	50,542,150
	<hr/>

The company acquired 100% of the ordinary share capital of Isola Asia Pacific (Taiwan) Inc. from its parent company Hattrick Lux No. 3 S.a.r.l..

Hattrick Lux No 3 S.a.r.l. is the immediate parent company of Isola Werke (UK) Limited.

Isola Asia Pacific (Taiwan) Inc. was incorporated on 28th August 1990 as a company limited by shares under the Company Law of the Republic of China. the company manufactures and sells electronic grade laminates and prepreps.

The authorised and issued share capital of Isola Asia Pacific (Taiwan) Inc. is 25,013,400 shares each with a par value of \$10 New Taiwanese Dollars.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.15 £	31.12.14 £
Amounts owed by group undertakings	5,813,505	120,003
Other debtors	4,833	8,144
	<hr/>	<hr/>
	5,818,338	128,147
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.15 £	31.12.14 £
Trade creditors	4,129	7,973
Amounts owed to group undertakings	9,801,836	12,607,056
Taxation and social security	7,162	13,817
Other creditors	13,980	10,577
	<hr/>	<hr/>
	9,827,107	12,639,423
	<hr/>	<hr/>

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

	31.12.15 £	31.12.14 £
Amounts owed to group undertakings	3,314,983	3,540,800
	<hr/>	<hr/>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31.12.15	31.12.14
Number:	Class:		£	£
9,658,635	Ordinary	1	<u>9,658,635</u>	<u>9,658,635</u>

During the year to 31st December 2012, an issue of 28,138,635 £1 ordinary shares was made and were fully taken up by Hatrick Lux No3 SARL the immediate parent company of Isola werke (UK) Limited. There followed a reduction in share capital of 44,500,000 ordinary £1 shares. The appropriate solvency resolutions required for the reduction in share capital to took place were made by the directors.

11. **RESERVES**

	Retained earnings £
At 1 January 2015	23,666,149
Profit for the year	6,803,150
Dividends	(7,385,376)
Other recognised Gain or Loss	<u>67,000</u>
At 31 December 2015	<u><u>23,150,923</u></u>

12. **EMPLOYEE BENEFIT OBLIGATIONS**

The scheme is a UK based Scheme, providing benefits at retirement and on death. The last actuarial valuation of the scheme was carried out as at 1st April 2013.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.15	31.12.14
	£	£
Present value of funded obligations	(5,157,000)	(5,173,000)
Fair value of plan assets	<u>4,033,000</u>	<u>3,982,000</u>
	(1,124,000)	(1,191,000)
Present value of unfunded obligations	-	-
Deficit	<u>(1,124,000)</u>	<u>(1,191,000)</u>
Net liability	<u><u>(1,124,000)</u></u>	<u><u>(1,191,000)</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

12. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.12.15	31.12.14
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	175,000	247,000
Past service cost	-	-
	<u>175,000</u>	<u>247,000</u>
Actual return on plan assets	<u>-</u>	<u>-</u>

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

	Defined benefit pension plans	
	31.12.15	31.12.14
	£	£
Opening defined benefit obligation	5,173,000	5,637,000
Interest cost	175,000	247,000
Actuarial losses/(gains)	(112,000)	873,000
Benefits paid	(79,000)	(1,584,000)
	<u>5,157,000</u>	<u>5,173,000</u>

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

	Defined benefit pension plans	
	31.12.15	31.12.14
	£	£
Opening fair value of scheme assets	3,982,000	4,913,000
Contributions by employer	42,000	38,000
Benefits paid	(79,000)	(1,584,000)
Return on plan assets (excluding interest income)	88,000	615,000
	<u>4,033,000</u>	<u>3,982,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.15	31.12.14
	£	£
Return on plan assets (excluding interest income)	88,000	615,000
	<u>88,000</u>	<u>615,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

12. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.15	31.12.14
	£	£
Equities	2,674,000	1,248,000
Bonds	1,355,000	2,719,000
Cash	4,000	15,000
	<u>4,033,000</u>	<u>3,982,000</u>

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

	31.12.15	31.12.14
Discount rate	3.60%	3.40%
Expected long term rate on Scheme assets	-	4.20%
RPI Assumption	3.40%	3.30%
CPI assumption	2.70%	2.60%

13. ULTIMATE PARENT COMPANY

The ultimate controlling entity of Isola Werke (UK) Limited is TPG Hatrick Partners LP, a partnership registered in the United States of America.

The smallest and largest company to prepare consolidated financial statements in which the results of Isola Werke (UK) Ltd are included is Isola Group SARL, a company registered in Luxembourg. Copies of the financial statements of Isola Group SARL can be obtained from 3100 West Ray Road, Suite 301, Chandler, AZ85226.

The immediate parent company of Isola Werke (UK) Limited is Hatrick Lux No3 SARL, a company registered in Luxembourg.

14. RELATED PARTY DISCLOSURES

Separate disclosures relating to transactions and balances with other companies in the group in terms of Financial Reporting standard No 8 are not made since the company has taken advantage of the exemption in paragraph 3(c) of the standard.

15. LOANS FROM GROUP COMPANIES

Loans from Group Undertakings are interest bearing. The loans can be repaid early at the volition of Isola Werke (UK) Limited.

Isola Werke (UK) Limited

Reconciliation of Equity

1 January 2014

(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Investments		50,542,150	-	50,542,150
CURRENT ASSETS				
Debtors		116,242	-	116,242
Prepayments and accrued income		1,526	-	1,526
Cash at bank		110,886	-	110,886
		228,654	-	228,654
CREDITORS				
Amounts falling due within one year		(13,637,029)	-	(13,637,029)
NET CURRENT LIABILITIES		(13,408,375)	-	(13,408,375)
TOTAL ASSETS LESS CURRENT LIABILITIES		37,133,775	-	37,133,775
PENSION LIABILITY		(724,000)	-	(724,000)
NET ASSETS		36,409,775	-	36,409,775
CAPITAL AND RESERVES				
Called up share capital		9,658,635	-	9,658,635
Retained earnings		26,751,140	-	26,751,140
SHAREHOLDERS' FUNDS		36,409,775	-	36,409,775

The notes form part of these financial statements

Reconciliation of Equity - continued
31 December 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Investments		50,542,150	-	50,542,150
CURRENT ASSETS				
Debtors		128,147	-	128,147
Prepayments and accrued income		2,576	-	2,576
Cash at bank		23,134	-	23,134
		153,857	-	153,857
CREDITORS				
Amounts falling due within one year		(12,639,423)	-	(12,639,423)
NET CURRENT LIABILITIES		(12,485,566)	-	(12,485,566)
TOTAL ASSETS LESS CURRENT LIABILITIES		38,056,584	-	38,056,584
CREDITORS				
Amounts falling due after more than one year		(3,540,800)	-	(3,540,800)
PENSION LIABILITY		(1,191,000)	-	(1,191,000)
NET ASSETS		33,324,784	-	33,324,784
CAPITAL AND RESERVES				
Called up share capital		9,658,635	-	9,658,635
Retained earnings		23,666,149	-	23,666,149
SHAREHOLDERS' FUNDS		33,324,784	-	33,324,784

Isola Werke (UK) Limited

Reconciliation of Profit
for the Year Ended 31 December 2014

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	377,556	-	377,556
Cost of sales	(562,656)	-	(562,656)
GROSS LOSS	(185,100)	-	(185,100)
Administrative expenses	(614,785)	-	(614,785)
Other operating income	130,720	-	130,720
OPERATING LOSS	(669,165)	-	(669,165)
Income from shares in group undertakings	16,521,467	-	16,521,467
Interest receivable and similar income	2	-	2
Interest payable and similar charges	(86,944)	-	(86,944)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	15,765,360	-	15,765,360
Tax on profit on ordinary activities	(1,667,351)	-	(1,667,351)
PROFIT FOR THE FINANCIAL YEAR	14,098,009	-	14,098,009

The notes form part of these financial statements