

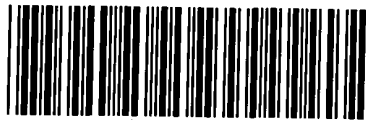
LSP Acquisition (UK) Ltd

**Annual report and financial
statements**

Registered number 07319417

31 December 2016

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Strategic report *for the year ended 31 December 2016*

The directors present the strategic report of the company for the year ended 31 December 2016.

Principal activities

The principal activity of the company during the year was that of an intermediate holding company. Its subsidiaries remain the same as the prior year and are disclosed on page 12.

Results, business review and future developments

The profit for the financial year amounted to £56,377,000 (2015: loss of £16,500,000). This included a discharge and release of certain balances owed to LSP Holding (UK) Ltd amounting to £59,798,000. The prior year included a write down of £10,000,000 on its investments, following a review of the performances of its subsidiaries, which have been impacted by the reduction in oil markets. This provision remains in place in the current year.

The company was an intermediate holding company in the year, with inter group dividend income and intercompany loan interest costs. The company is expected to continue in this manner for the foreseeable future. The company received inter group dividend income of £179,000 (2015: £nil) in the year.

Key performance indicators

The various businesses within the LSP Holding (UK) Ltd group operate across a diverse range of geographies and markets primarily supplying a range of fastener and gasket products. Each business has its own key performance indicators with which to manage its operations. There are no specific KPIs for LSP Acquisition (UK) Limited.

Principal risks and uncertainties

As the company acts as an intermediate holding company the performance of investments is considered a principal risk. The directors regularly review the performance of subsidiary companies and receive detailed performance information that enable them to identify risks of potential impairment.

There are no other additional risks in the company than those disclosed in its parent, LSP Holding (UK) Ltd.

By order of the Board



SJ Diamond
Director

4 May 2017

Directors' report *for the year ended 31 December 2016*

The directors present their report and audited financial statements of the company for the year ended 31 December 2016

Future developments

Future developments in the business of the company are detailed in the Strategic report on page 2.

Dividends

A dividend of £nil was paid in the year (2015: £nil).

Financial risks

Credit

The company is exposed to credit risk in relation to banks. Credit risk in relation to banks is mitigated by the group's policy to deal only with major financial institutions. The company has no external debtors.

Directors

The directors of the company during the year and up to the date of signing the financial statements were:

AJW Hoffman
AW Wilkinson
S Mathilakath
SJ Diamond

Directors' indemnity provision

Pursuant to the company's Articles of Association, the company has executed a deed poll of indemnity for the benefit of the directors of the company and persons who were directors of the company in respect of costs of defending claims against them and third party liabilities. The indemnity is a qualifying third party indemnity provision. This was in force throughout the last financial year and is currently in force. The indemnity provision in the company's Articles of Association also extends to provide a limited indemnity in respect of liabilities incurred as a director, secretary or officer of an associated company of the company.

Copies of the deed poll of indemnity and of the company's Articles of Association are available for inspection at the company's registered office during normal business hours.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



PJ Lawton
Company Secretary

4 May 2017

Registered number: 07319417

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of LSP Acquisition (UK) Ltd

We have audited the financial statements of LSP Acquisition (UK) Ltd for the year ended 31 December 2016 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Graham Neale (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snowhill Queensway
Birmingham B4 6GH

Dated: 5th MAY 2017

Statement of income and retained earnings
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Income from shares in group undertakings		179	-
Amounts written off investments		-	(10,000)
Other interest receivable and similar income	3	59,798	-
Interest payable and similar charges	4	(3,600)	(6,500)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		56,377	(16,500)
Tax on profit /(loss) on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year		56,377	(16,500)
		<hr/> <hr/>	<hr/> <hr/>
Retained earnings at the beginning of the year		(20,680)	(4,180)
Profit/(loss) for the financial year		56,377	(16,500)
		<hr/>	<hr/>
Retained earnings at the end of the year		35,697	(20,680)
		<hr/> <hr/>	<hr/> <hr/>

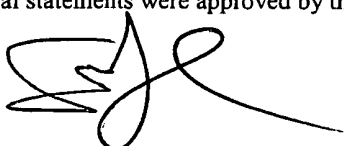
In both the current and prior year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

Balance sheet
at 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Fixed assets			
Investments	6	40,909	40,909
Current assets			
Debtors (of which £13,000,000 (2015: £nilo)) due in more than one year	7	13,000	-
Cash at bank and in hand		2	3
Net current assets		13,002	3
Total assets less current liabilities		53,911	40,912
Creditors: amounts falling due after more than one year	8	(16,779)	(60,157)
Net assets/(liabilities)		37,132	(19,245)
Capital and reserves			
Called up share capital	9	14	14
Share premium account		1,421	1,421
Profit and loss account		35,697	(20,680)
Shareholders' funds/(deficit)		37,132	(19,245)

These financial statements were approved by the board of directors on 4 May 2017 and were signed on its behalf by:



SJ Diamond
Director

Company registered number: 07319417

Notes

(forming part of the financial statements)

1 Accounting policies

LSP Acquisition (UK) Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, LSP Holding (UK) Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of LSP Holding (UK) Ltd are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. There are no judgments made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of its parent company, LSP Investco Limited. The directors have received confirmation that LSP Investco Limited intends to support the company for at least one year after these financial statements are signed.

1.3. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example, if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4 Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.5 Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.6 Expenses

Interest receivable and Interest payable

Interest payable and similar charges relates to interest payable on intercompany loans.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Expenses and auditor's remuneration

Auditors' remuneration

Auditors' remuneration of £2,000 (2015: £2,000) in respect of the company is paid for by LSP Investco Limited and is not recharged to the company.

Employees and directors

The company had no employees during the year (2015: none) other than the directors. Two of the directors (2015: two) are paid by other entities within the group headed by LSP Holding (UK) Ltd and are not directly recharged to the company.

3 Other interest receivable and similar income

	2016 £000	2015 £000
Waiver of intercompany loan balances	59,798	-
	<u>59,798</u>	<u>-</u>

4 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on intercompany loans	3,600	6,500
	<u>3,600</u>	<u>6,500</u>

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	2016 £000	2015 £000	2015 £000
<i>Current tax</i>				
Current tax on income for the period		-		-
Adjustments in respect of prior periods		-		-
		<u>-</u>		<u>-</u>
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		-	
Change in tax rate	-		-	
	<u>-</u>		<u>-</u>	
Total deferred tax		-		-
		<u>-</u>		<u>-</u>
Total tax		<u>-</u>		<u>-</u>

Notes (continued)

5 Taxation (continued)

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit/(loss) for the year	56,377	(16,500)
Total tax expense	-	-
	<hr/>	<hr/>
Profit/(loss) excluding taxation	56,377	(16,500)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.00% (2015:20.25%)	11,275	(3,341)
Effect on tax charge of:		
Income not chargeable for tax purposes	(11,995)	-
Group relief surrendered for nil consideration	720	1,316
Non-deductible expenses	-	2,025
	<hr/>	<hr/>
Total tax expense included in profit or loss	-	-
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016 and substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

6 Fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 January and 31 December 2016	50,909
	<hr/>
Provisions	
At beginning of year	10,000
Provided in year	-
	<hr/>
At end of year	10,000
	<hr/>
Net book value	
At 31 December 2016	40,909
	<hr/>
At 31 December 2015	40,909
	<hr/>

Notes (continued)

6 Fixed asset investments (continued)

The company owns 100% of the issued share capital of the following companies:

Name	Nature of business	Country of incorporation
Lone Star Holdings UK Limited *	Holding company	England and Wales
Lone Star Leeds Limited	Manufacture and distribution of precision components and gaskets	England and Wales
Lone Star Grange Limited	Dormant company	England and Wales
Triplefast Middle East Limited	Manufacture and distribution of fasteners	England and Wales
Eurofast Petrochemical Supplies Limited	Dormant company	England and Wales
Lone Star Fasteners Europe Limited	Manufacture and distribution of fasteners	England and Wales
Triplefast International Limited	Dormant company	England and Wales
P.R.D. Fasteners Limited	Dormant company	England and Wales
PH International Trading (Ningbo) Limited	Distribution of industrial fasteners, gaskets and associated products	China
Ningbo Panxiang Import & Export Co Limited	Export distribution of industrial fasteners, gaskets and associated products	China
Lone Star SRL *	Distribution of industrial fasteners and gaskets	Romania
Lone Star PRD Group Limited *	Intermediate holding company	England and Wales
Lone Star Triplefast Private Ltd *	Sale of fasteners, gaskets and associated products	Singapore
Lone Star Australia Pty Limited	Distribution of fasteners and gaskets	Australia
Oil Field Sealing Techno Systems Private Limited	Manufacture and distribution of gaskets	India

* The company holds direct interests in these subsidiaries

The directors believe that the carrying value of the investments, after allowing for existing provisions, is supported by their underlying net assets or future expected trading.

7 Debtors

	2016 £000	2015 £000
Amounts due from group undertakings	<u>13,000</u>	<u>13,000</u>

Amounts due from group undertakings are unsecured, are not subject to interest and are not repayable until 2020.

8 Creditors: amounts falling after more than one year

	2016 £000	2015 £000
Amounts owed to group undertakings	<u>16,779</u>	<u>73,157</u>

Amounts owed to group undertakings have an interest charge of 6.5% and are not repayable until 2020.

Notes (continued)

9 Capital and reserves

Share capital

	2016	2015
	£000	£000
<i>Allotted, called up and fully paid:</i>		
14,354 (2015: 14,354) ordinary shares of £1 each	14	14

10 Contingent liabilities

The company is party to a group debt facility agreement agented by Antares Capital, whereby the majority of companies within LSP Holding (UK) Ltd group guarantee the debt of other companies within the group. The LSP Holding (UK) Ltd group's banking facilities are supported by legal charges on the assets of the group. At 31 December 2016, the company had contingent liabilities of £65,156,000 (2015: £60,930,000) under this cross-guarantee arrangement. The directors do not anticipate that the company will be called upon to honour this guarantee.

11 Related parties

Identity of related parties with which the Company has transacted

The Company has taken advantage of the exemption offered to subsidiary companies under FRS 102, paragraph 33.1A ('Related Party Transactions') for the non-disclosure of transactions between wholly owned companies in the same group.

12 Ultimate parent company and parent company of larger group

The immediate parent undertaking of the company is LSP Investco Limited, a company registered in England and Wales.

The ultimate parent company is LSP Holding Sarl, a company registered in Luxembourg. These financial statements can be obtained from the registered office of LSP Holding Sarl, 6D, EBBC, Route de Treves, L-2633, Senningerberg, Luxembourg. The ultimate controlling party of LSP Holding Sarl is AEA Europe Fund LP, being the major shareholder.

The largest group in which the company is consolidated is that of LSP Holding (UK) Ltd. The smallest group in which the company is consolidated is that of LSP Investco Limited. The consolidated financial statements of these groups can be obtained from the registered office address of Universal Point, Steelmans Road, Wednesbury, West Midlands, WS10 9UZ.