Anglo-Danish Fibre Industries Limited

Directors' report and financial statements
Registered number 03270532
30 November 2007

Contents

Company information

Directors	S Good K Higginson
Secretary	D Morris
Registered office	c/o Low & Bonar PLC 9th Floor, Marble Arch Tower 55 Bryanston Street London W1H 7AA
Registered number	03270532
Auditors	KPMG Audit Plc St Nicholas House Park Row Nottingham NG1 6FQ

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2007

Principal activities

The principal activity of the company is the distribution and sale of purpose designed synthetic fibre for use as an additive in concrete and related materials

Results and dividends

The profit for the year, after taxation, amounted to £119,000 *(2006 £20,000)* The directors do not recommend the payment of a dividend *(2006 £nil)*

Directors

The directors who held office during the year were as follows

N Verfaillie	Resigned 19 November 2007
S Good	Appointed 1 December 2006
G Hammond	Appointed 19 November 2007, resigned 28 March 2008
K Higginson	Appointed 19 November 2007
A Whalley	Appointed 1 December 2006, resigned 13 August 2007
CJ Linsner	Resigned 1 December 2006
M Mitchell	Resigned 1 December 2006
DW Carter	Resigned 1 December 2006

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

c/o Low & Bonar PLC
9th Floor, Marble Arch Tower
55 Bryanston Street
London
W1H 7AA

D Morris
Secretary

25 September 2008

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

The directors are responsible for preparing 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)

The financial statements are required by law to 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 judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 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

KPMG Audit Plc
St Nicholas House
Park Row
Nottingham NG1 6FQ
United Kingdom

Report of the independent auditors to the members of Anglo-Danish Fibre Industries Limited

We have audited the financial statements of Anglo-Danish Fibre Industries Limited for the year ended 30 November 2007 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

KPMG Audit Plc

Chartered Accountants
Registered Auditor

25 September 2008

Profit and loss account
for the year ended 30 November 2007

	Note	2007 £000	2006 £000
Turnover	2	**4,859**	8,299
Cost of sales		**(4,039)**	(6,560)
Gross profit		**820**	1,739
Administrative expenses		**(1,339)**	(1,591)
Other operating income		**688**	107
Exceptional items - operating		**-**	(339)
Operating profit/(loss)	3	**169**	(84)
Interest receivable and similar income	6	**109**	72
Profit/(loss) on ordinary activities before taxation		**278**	(12)
Taxation	7	**(159)**	32
Profit on ordinary activities after taxation	16	**119**	20

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis

There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account

Balance sheet
as at 30 November 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Intangible asset	*8*		107		223
Tangible assets	*9*		55		72
Investments	*10*		519		519
			681		814
Current assets					
Stocks	*11*	218		212	
Debtors	*12*	3,084		3,012	
Cash at bank and in hand		104		9	
		3,406		3,233	
Creditors amounts falling due within one year	*13*	(2,869)		(2,960)	
Net current assets			537		273
Provisions for liabilities and charges	*14*		(12)		-
Net assets			1,206		1,087
Capital and reserves					
Called up share capital	*15*		1,017		1,017
Profit and loss account	*16*		189		70
Equity shareholders' funds	*17*		1,206		1,087

These financial statements were approved by the board of directors on 25 September 2008 and were signed on their behalf by

K Higginson
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards under UK GAAP, under the historical cost convention and on a going concern basis

Basis of consolidation

The company is exempt from preparing group financial statements under section 228 of the Companies Act 1985, and therefore the financial statements present information about the company as an individual undertaking and not about its group

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes consolidated financial statements

Patents and licences

Patents and licences acquired are capitalised at cost and amortised over their expected economic lives in line with the benefits accruing

Tangible fixed assets and depreciation

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Plant and equipment	- 15% per annum
Fixtures and fittings	- 15% to 25% per annum
Motor vehicles	- 20% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items In the case of finished goods, cost comprises direct materials and labour plus attributable overheads based on a normal level of activity

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Deferred taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Operating lease agreements

Rentals paid under operating leases are charged to the profit and loss account as incurred

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Classification of financial instruments issued by the company

Under FRS 25, financial instruments issued by the company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds

2 Turnover

Turnover represents the amount invoiced to customers, excluding value added tax The turnover and profit before taxation are attributable to the company's one principal activity

The company competes internationally with companies of similar size The directors are of the opinion that to publish a geographical analysis of turnover would be seriously prejudicial to the interests of the company

Notes *(continued)*

3 Operating profit/(loss)

	2007 £000	2006 £000
Operating profit/(loss) is stated after charging		
Depreciation of owned fixed assets	32	32
(Profit)/loss on disposal of fixed assets	2	12
Operating lease rentals - land and buildings	47	62
Research and development expenditure	60	33
Exceptional Items - cost of reorganisation	-	339
Amortisation of intangible asset	116	116
Auditors' remuneration		
- audit of these financial statements	16	20
- other services relating to taxation	8	15

4 Staff costs

	2007 £000	2006 £000
Wages and salaries	563	847
Social security costs	53	88
Other pension costs	88	56
	704	991

	2007 Number	2006 Number
The average number of employees during the year (including directors) was as follows		
Administration	9	14
Sales	5	6
Warehousing	5	3
	19	23

Notes *(continued)*

5 Directors' remuneration

	2007 £000	2006 £000
Directors' remuneration	-	233
Directors' pension costs	-	22
	-	255

	£000	£000
The amounts in respect of the highest paid director are		
Remuneration	-	105
Pension costs	-	12
	-	117

	Number	Number
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	-	1

6 Interest receivable and similar income

	2007 £000	2006 £000
Loan interest receivable	102	70
Other interest receivable	7	2
	109	72

Notes *(continued)*

7 Tax on profit/(loss) on ordinary activities

a) Tax on profit/(loss) on ordinary activities

	2007 £000	2006 £000
Current tax		
UK corporation tax	125	39
Adjustments in respect of prior years	6	(21)
Total current tax	131	18
Deferred tax		
Origination/(reversal) of timing differences	28	(50)
Total tax charge/(credit)	159	(32)

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher *(2006 higher)* than the standard rate of corporation tax in the UK of 30% *(2006 30%)* The differences are reconciled below

	2007 £000	2006 £000
Profit/(loss) on ordinary activities before taxation	277	(12)
Current tax at 30% *(2006 30%)*	83	(4)
Effects of		
Disallowed expenses	38	34
Depreciation in excess of capital allowances	4	9
Adjustments in respect of prior years	6	(21)
Total current tax	131	18

c) Deferred tax

	2007 £000	2006 £000
Difference between accumulated depreciation and capital allowances	-	-

	2007 £000	2006 £000
At 1 December 2006	(16)	-
Charge/(credit) to the profit and loss account in the period	28	(50)
Non cash utilisation	-	34
At 30 November 2007	12	(16)

Notes *(continued)*

8 Intangible fixed asset

	Patent £000
Cost	
At beginning and end of year	**465**
Amortisation	
At beginning of year	242
Charged in year	116
At end of year	**358**
Net book value	
At 30 November 2007	**107**
At 30 November 2006	223

Patents and licences are being amortised evenly over their useful economic lives

9 Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
At 1 December 2006	12	155	17	184
Additions	-	17	-	17
Disposals	-	(9)	-	(9)
At 30 November 2007	**12**	**163**	**17**	**192**
Accumulated depreciation				
At 1 December 2006	7	88	17	112
Charge for the year	2	30	-	32
Disposals	-	(7)	-	(7)
At 30 November 2007	**9**	**111**	**17**	**137**
Net book value				
At 30 November 2007	**3**	**52**	**-**	**55**
At 30 November 2006	5	67	-	72

Notes *(continued)*

10 Investments

	£000
Cost	
At beginning and end of year	**519**

Details of investments in subsidiary undertakings held at 30 November 2007 are as follows

Name	Nature of business	Percentage holding	Class of shares	Country of incorporation
Fibrin (Humberside) Limited	Manufacture and sale of synthetic fibres	100	Ordinary	England and Wales
ADFIL USA Inc	Sale of synthetic fibres	100	Ordinary	United States of America

Group financial statements are not submitted as the company is a wholly owned subsidiary of another company incorporated in Scotland which publishes publicly available consolidated financial statements In the opinion of the directors the shares in Fibrin (Humberside) Limited and ADFIL USA Inc are worth not less than their book value

11 Stocks

	2007 £000	2006 £000
Finished goods	**218**	212

The difference between purchase price or production cost of stocks and their replacement cost is not material

12 Debtors

	2007 £000	2006 £000
Trade debtors	**803**	1,483
Amounts owed by subsidiary undertaking	**91**	97
Amounts owed by group undertaking	**2,157**	1,359
Corporation tax	**-**	32
Prepayments	**33**	25
Net deferred tax assets (note 7)	**-**	16
	3,084	3,012

Debtors include net deferred tax assets of £nil *(2006 £16,000)* due after more than one year

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	394	376
Amounts owed to group undertakings	1,966	2,273
Other taxes and social security costs	46	81
Corporation tax	125	-
Accruals	334	222
Other creditors	4	8
	2,869	2,960

14 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	(16)
Charge/(credit) to the profit and loss for the year	28
At end of year	12

15 Share capital

	2007 £000	2006 £000
Authorised 1,250,000 ordinary shares of £1 each	1,250	1,250
Allotted, called up and fully paid 1,017,051 ordinary shares of £1 each	1,017	1,017

16 Profit and loss account

	2007 £000	2006 £000
Opening balance	70	50
Retained profit for the period	119	20
Closing balance	189	70

Notes *(continued)*

17 Reconciliation of movements in shareholders funds

	2007 £000	2006 £000
Profit for the period	**119**	20
Net addition to shareholders' funds	**119**	20
Opening shareholders' funds	**1,087**	1,067
Closing shareholders' funds	**1,206**	1,087

18 Financial assets

The company had forward contracts in the prior year which it did not recognised at fair value The asset arising from US Dollar contracts in the current year is £nil *(2006 £20,000)*

19 Related party transactions

The company is a wholly owned subsidiary of Low & Bonar Plc Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with other group companies

20 Ultimate parent company

The company's immediate parent company is LCM Construction Products Limited

The company's ultimate parent company is Low & Bonar PLC

The largest group into which these results are consolidated is the group headed by Low & Bonar PLC Copies of the financial statements of Low & Bonar PLC may be obtained from Low & Bonar PLC, 9th Floor, Marble Arch Tower, 55 Bryanston Street, London, W1H 7AA