

# **Anglo-Danish Fibre Industries Limited**

Directors' report and financial statements

Registered number 03270532

30 November 2005



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## **Company information**

### **Directors**

CJ Linsner  
M Mitchell  
DW Carter  
N Verfaillie

### **Secretary**

A Whalley

### **Registered office**

Borwick Drive  
Grovehill  
Beverley  
East Yorkshire  
HU17 0HQ

### **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 11 months ended 30 November 2005.

### **Change of accounting reference date**

During the period the company changed its accounting reference date to 30 November.

### **Principal activities**

The principal activity of the company is the sale of purpose designed synthetic fibre.

### **Results and dividends**

The profit for the period, after taxation, amounted to £42,000 (2004: £75,000). An ordinary dividend of £nil (2004: £nil) was paid during the period. On 7 December 2004 the company sold its investment in Cemfiber A/S to LCM Construction Products Limited by way of a dividend in specie for £206,172.

### **Directors**

The directors who held office during the year were as follows:

CJ Linsner  
M Mitchell  
DW Carter  
N Verfaillie

None of the directors holding office have any beneficial interest in the share capital of the company.

The directors holding office at 30 November 2005 are also directors of the parent company, LCM Construction Products Limited. Their beneficial interests in the issued share capital of LCM Construction Products Limited are disclosed in that company's financial statements.

The interests of N Verfaillie in the share options of Low & Bonar PLC are as follows:

	<b>Ordinary shares of 25p Share options</b>	
	<b>30 Nov 05</b>	<b>31 Dec 04</b>
N Verfaillie	121,644	121,644

Except for N Verfaillie, none of the directors holding office have any beneficial interest in the share capital of Low & Bonar PLC.

### **Sale of subsidiaries**

During the year the company sold its investments in Cemfiber A/S and ValueEngineeredFloors.com Limited.

### **Ultimate holding company**

The company's ultimate holding company, LCM Construction Products Limited, was bought by Low & Bonar PLC. On 30 November 2005 Low & Bonar PLC are the ultimate holding company.

### **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

  
A Whalley  
Secretary

22 June 2006

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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 on pages 5 to 11.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 30 November 2005 and of its profit for the 11 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

22 June 2006

Chartered Accountants  
Registered Auditor

## Profit and loss account

*for the 11 month period ended 30 November 2005*

	Note	11 months to 30 November 2005 £000	Year to 31 December 2004 £000
Turnover	2	414	290
Cost of sales		(221)	(154)
<b>Gross profit</b>		<b>193</b>	<b>136</b>
Administrative expenses		(148)	(28)
Other operating income		15	22
<b>Operating profit</b>	3	<b>60</b>	<b>130</b>
Loss on sale of investments in subsidiaries		-	(136)
Interest receivable and similar income	5	-	120
<b>Profit on ordinary activities before taxation</b>		<b>60</b>	<b>114</b>
Taxation	6	(18)	(39)
<b>Profit on ordinary activities after taxation</b>		<b>42</b>	<b>75</b>
Dividends	7	-	(206)
<b>Retained profit/(accumulated loss) for the period</b>	14	<b>42</b>	<b>(131)</b>

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


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

**Balance sheet**  
*as at 30 November 2005*

	<i>Note</i>	<b>30 November 2005</b>	<b>31 December 2004</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Intangible asset	8	339	446
Investments	9	519	519
		<hr/>	<hr/>
		858	965
<b>Current assets</b>			
Stocks	10	29	57
Debtors	11	204	41
Cash at bank and in hand		4	7
		<hr/>	<hr/>
		237	105
<b>Creditors: amounts falling due within one year</b>	12	(28)	(45)
		<hr/>	<hr/>
<b>Net current assets</b>		209	60
		<hr/>	<hr/>
<b>Net assets</b>		1,067	1,025
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	1,017	1,017
Profit and loss account	14	50	8
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	15	1,067	1,025
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 22 June 2006 and were signed on their behalf by:

  
**DW Carter**  
Director

  
**CJ Linsner**  
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.

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

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

#### ***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.

#### ***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.

#### ***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.

### **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**

	<b>11 months to 30 Nov 05 £000</b>	<b>Year to 31 Dec 04 £000</b>
<i>Operating profit is stated after charging:</i>		
Auditors' remuneration - audit fees	-	6
- non-audit fees	-	4
Amortisation of intangible asset	<b>107</b>	<b>19</b>
	<hr/> <hr/>	<hr/> <hr/>

**4 Staff costs**

No salaries or wages have been paid to employees, including directors, during the period (2004: none).

**5 Interest receivable and similar income**

	<b>11 months to 30 Nov 05 £000</b>	<b>Year to 31 Dec 04 £000</b>
Income from shares in group companies	-	120
	<hr/> <hr/>	<hr/> <hr/>
	-	120
	<hr/> <hr/>	<hr/> <hr/>

**6 Tax on profit on ordinary activities**

**a) Tax on profit on ordinary activities**

	<b>11 months to 30 Nov 05 £000</b>	<b>Year to 31 Dec 04 £000</b>
<i>Current tax:</i>		
UK corporation tax	<b>18</b>	45
Adjustments in respect of prior years	-	(6)
	<hr/> <hr/>	<hr/> <hr/>
Total tax charge/(credit)	<b>18</b>	<b>39</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 6 Tax on profit on ordinary activities (continued)

#### b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is the same (2004: *higher*) as the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are reconciled below:

	11 months to 30 Nov 05 £000	Year to 31 Dec 04 £000
Profit on ordinary activities before taxation	60	114
Current tax at 30% (2004: 30%)	18	34
<i>Effects of:</i>		
Group dividend received (non-taxable)	-	(36)
Adjustment in respect of previous years	-	(6)
Disallowed expenses	-	47
	18	39

### 7 Dividends

	11 months to 30 Nov 05 £000	Year to 31 Dec 04 £000
Dividend in specie	-	206
	-	206

### 8 Intangible asset

	Patent £000
<i>Cost:</i>	
At beginning and end of period	465
<i>Amortisation:</i>	
At beginning of period	19
Charged in period	107
At end of period	126
<i>Net book value</i>	
At 30 November 2005	339
At 31 December 2004	446

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

## Notes (continued)

### 9 Investments

	<b>£000</b>
Cost:	
At beginning and end of period	<b>519</b>

Details of investments in subsidiary undertakings held at 30 November 2005 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

### 10 Stocks

	30 Nov 05 £000	31 Dec 04 £000
Finished goods	29	57

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

### 11 Debtors

	30 Nov 05 £000	31 Dec 04 £000
Trade debtors	87	41
Amounts owed by subsidiary undertaking	117	-
	<b>204</b>	<b>41</b>

### 12 Creditors: amounts falling due within one year

	30 Nov 05 £000	31 Dec 04 £000
Trade creditors	23	25
Other taxes and social security costs	5	1
Other creditors	-	19
	<b>28</b>	<b>45</b>

## Notes (continued)

### 13 Share capital

	30 Nov 05 £000	31 Dec 04 £000
<i>Authorised:</i>		
1,250,000 ordinary shares of £1 each	1,250	1,250
<i>Allotted, called up and fully paid:</i>		
1,017,051 ordinary shares of £1 each	1,017	1,017

### 14 Profit and loss account

	30 Nov 05 £000	31 Dec 04 £000
Opening balance	8	139
Retained profit/(accumulated loss) for the period	42	(131)
Closing balance	50	8

### 15 Reconciliation of movements in shareholders funds

	30 Nov 05 £000	31 Dec 04 £000
Profit for the period	42	75
Dividends paid	-	(206)
Net addition to/(reduction in) shareholders' funds	42	(131)
Opening shareholders' funds	1,025	1,156
Closing shareholders' funds	1,067	1,025

### 16 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.

### 17 Ultimate parent company

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

On 7 December 2004 the company's ultimate holding company, LCM Construction Products Limited, was bought by Low & Bonar PLC. On 30 November 2005 Low & Bonar PLC was the ultimate holding company.

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, 50 Seymour Street, London, W1H 7JG.