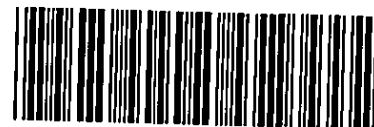


REGISTRAR'S COPY

Company Registration No. 05582765 (England and Wales)

MANTEC GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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MANTEC GROUP LIMITED

COMPANY INFORMATION

REGISTRAR'S COPY

Directors	Mr T. P. Kelly Mr C. Lowndes
Secretary	Mr C. Lowndes
Company number	05582765
Registered office	Albion Works Uttoxeter Road Longton Stoke-on-Trent ST3 1PH
Auditors	Simmons Gainsford LLP 7/10 Chandos Street Cavendish Square London W1G 9DQ
Bankers	Barclays Bank Plc 1 Churchill Place London United Kingdom E14 5HP

MANTEC GROUP LIMITED

CONTENTS

REGISTRAR'S COPY

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

MANTEC GROUP LIMITED

REGISTRAR'S COPY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The principal activity of the company is that of a group holding company.

The company operates as a holding company and its subsidiaries principal activities are that of the manufacture of domestic and industrial ceramics, gas related ceramics, ceramic fibre product, water filtration equipment, property holding and yarn manufacturing.

2008 was a year of mixed fortunes for Mantec group companies. Whilst there were good performances within the Fairey Industrial Ceramics, Fairey Filtration Systems and Taylor Tunnicliff businesses, difficulties were encountered at Ceramic Gas Products, Duchess China and Wykes International. Strategies are underway to overcome these difficulties and to meet the challenges presented by the general economic downturn. Whilst 2009 will be a year of consolidation within some of the group's subsidiaries, the directors are confident that the strategies employed will see the group better placed for the future.

Since the year end the group has consolidated its borrowings position via a medium term loan. This has served to reduced its reliance on its overdraft facility in the current climate.

The principal risk facing the company results from the performance of its investments in subsidiary undertakings. The principal risk facing these subsidiaries continues to be competitive pressure from suppliers abroad, particularly those within emerging economies. The directors are confident that the underlying strategy of concentrating in quality orientated niche market products will prevail.

Financial Instruments

The company's financial instruments principally comprise loans from and to group undertakings and related companies. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments should be undertaken.

The main risks arising from the company's financial instruments are interest, liquidity and credit risk. The Board reviews and agreed policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

Interest rate risk

The company is exposed to cash flow interest rate risk on its floating rate borrowings. All borrowings are in Sterling.

Liquidity risk

The company manages its borrowings requirements to ensure the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

The recipients of all loans are subject to credit verification procedures by the Board. Debtors are reviewed on a regular basis and provision is made for doubtful debt when necessary.

Results and dividends

The results for the year are set out on page 5.

MANTEC GROUP LIMITED

REGISTRAR'S COPY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors

The following directors have held office since 1 January 2008:

Mr T. P. Kelly
Mr C. Lowndes

Auditors

The auditors, Simmons Gainsford LLP, are proposed to be reappointed under section 485 of the Companies Act 2006.

Directors' responsibilities

The directors are responsible for preparing 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). 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 those financial statements, the directors are required to:

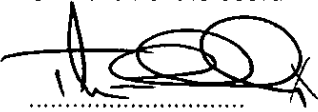
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the financial statements comply with the Companies Act 1985. 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 of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

X  X

X 17 July 2009
T Kelly

MANTEC GROUP LIMITED

REGISTRAR'S COPY

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MANTEC GROUP LIMITED

We have audited the financial statements of Mantec Group Limited for the year ended 31 December 2008 set out on pages 5 to 17. 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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 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.

MANTEC GROUP LIMITED

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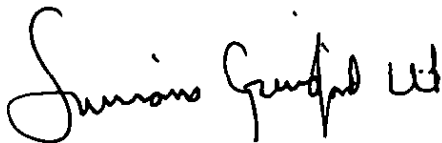
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF MANTEC GROUP LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss 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.



Simmons Gainsford LLP

Chartered Accountants
Registered Auditor

17 July 2009

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

MANTEC GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

REGISTRAR'S COPY

	Notes	2008 £	2007 £
Administrative expenses		(203,974)	(53,817)
Other operating income		197,100	-
Operating loss	2	(6,874)	(53,817)
Investment income	3	-	1,000,000
Interest payable and similar charges	4	(115,490)	(128,178)
(Loss)/profit on ordinary activities before taxation		(122,364)	818,005
Tax on (loss)/profit on ordinary activities	5	22,410	54,598
(Loss)/profit for the year	12	(99,954)	872,603

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

MANTEC GROUP LIMITED

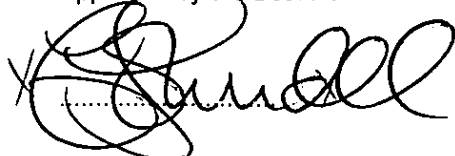
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BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Investments	6	4,355,600		4,355,600	
Current assets					
Debtors	7	1,685,623		1,626,527	
Cash at bank and in hand		-		79,241	
		<u>1,685,623</u>		<u>1,705,768</u>	
Creditors: amounts falling due within one year	8	<u>(122,755)</u>		<u>(42,946)</u>	
Net current assets		<u>1,562,868</u>		<u>1,662,822</u>	
Total assets less current liabilities		<u>5,918,468</u>		<u>6,018,422</u>	
Creditors: amounts falling due after more than one year	9	<u>(3,148,041)</u>		<u>(3,148,041)</u>	
		<u>2,770,427</u>		<u>2,870,381</u>	
Capital and reserves					
Called up share capital	11	1,000		1,000	
Other reserves	12	10,000		10,000	
Profit and loss account	12	2,759,427		2,859,381	
Shareholders' funds	13	<u>2,770,427</u>		<u>2,870,381</u>	

Approved by the Board and authorised for issue on 17 July 2009



Director

C. LOWNDES

MANTEC GROUP LIMITED*REGISTRAR'S COPY***CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	£	2008 £	£	2007 £
Net cash outflow from operating activities		(33,287)		(42,581)
Returns on investments and servicing of finance				
Interest paid	(115,490)		(128,178)	
Dividends received	-		1,000,000	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(115,490)		871,822
Payments to acquire investments	-		(750,000)	
Net cash outflow for capital expenditure		-		(750,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(148,777)		79,421
(Decrease)/increase in cash in the year		(148,777)		79,241

MANTEC GROUP LIMITED

REGISTRAR'S COPY

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

1	Reconciliation of operating loss to net cash outflow from operating activities	2008 £	2007 £
	Operating loss	(6,874)	(53,817)
	Increase in debtors	(59,096)	(67,283)
	Increase in creditors within one year	10,273	23,921
	Group relief	22,410	54,598
	Net cash outflow from operating activities	(33,287)	(42,581)

2	Analysis of net debt	1 January 2008 £	Cash flow £	Other non-cash changes £	31 December 2008 £
	Net cash:				
	Cash at bank and in hand	79,241	(79,241)	-	-
	Bank overdrafts	-	(69,536)	-	(69,536)
	Net debt	79,241	(148,777)	-	(69,536)

3	Reconciliation of net cash flow to movement in net debt	2008 £	2007 £
	(Decrease)/increase in cash in the year	(148,777)	79,241
	Movement in net debt in the year	(148,777)	79,241
	Opening net debt	79,241	-
	Closing net debt	(69,536)	79,241

MANTEC GROUP LIMITED

REGISTRAR'S COPY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Pensions

The company makes contributions to personal pension schemes based on contractual terms. Pension costs charged in financial statements represent the contributions payable by the company during the year.

1.5 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Operating loss

2008	2007
£	£

Operating loss is stated after charging:

Auditors' remuneration	1,750	2,500
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3 Investment income

2008	2007
£	£

Income from shares in group undertakings	-	1,000,000
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MANTEC GROUP LIMITED

REGISTRAR'S COPY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

4	Interest payable	2008 £	2007 £
	On bank loans and overdrafts	-	524
	Other interest	115,490	127,654
		<u>115,490</u>	<u>128,178</u>
5	Taxation	2008 £	2007 £
	Domestic current year tax		
	Receipt in respect of group relief	(22,410)	(54,598)
	Current tax charge	<u>(22,410)</u>	<u>(54,598)</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(122,364)</u>	<u>818,005</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 30.00%)	<u>(34,262)</u>	<u>245,402</u>
	Effects of:		
	Income not chargeable to tax	11,852	(300,000)
	Group relief surrendered	22,410	54,598
	Group relief receipt	<u>(22,410)</u>	<u>(54,598)</u>
		<u>11,852</u>	<u>(300,000)</u>
	Current tax charge	<u>(22,410)</u>	<u>(54,598)</u>

In the year the company received payment for its corporation tax losses of £22,410 (2007: £nil) from Fairey Filtration Systems Limited, a subsidiary undertaking. During the prior year, the company received payment for its corporation tax losses of £35,176 from Mantec Properties Limited and £19,442 from Fairey Industrial Ceramics Limited, both subsidiary undertakings.

The company has tax losses of £35,283 (2007: £nil) to carry forward against future profits.

MANTEC GROUP LIMITED

REGISTRAR'S COPY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2008 & at 31 December 2008	4,355,600
Net book value	
At 31 December 2008	4,355,600
At 31 December 2007	4,355,600

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Taylor Tunnicliff Limited		£1 ordinary	100.00	
Mantec Properties Limited		£1 ordinary	100.00	
Fairey Industrial Ceramics Limited		£1 ordinary	100.00	
Fairey Filtration Systems Limited		£1 ordinary	100.00	
Participating interests				
Grimwades Limited		£1 ordinary	100.00	
Duchess China Limited		£1 ordinary	100.00	
Ceramic Gas Products Limited		£1 ordinary	100.00	
Wykes International Limited		£1 ordinary	100.00	

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Principal activity	Capital and reserves 2008 £	Profit/(loss) for the year 2008 £
Taylor Tunnicliff Limited	2,204,926	3,859
Mantec Properties Limited	63,290	(9,444)
Fairey Industrial Ceramics Limited	1,035,202	225,132
Fairey Filtration Systems Limited	132,938	306,905
Grimwades Limited	10,910	(11,494)
Duchess China Limited	(187,279)	(192,493)
Ceramic Gas Products Limited	76,249	(193,914)
Wykes International Limited	(57,104)	(59,516)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

7 Debtors	2008	2007
	£	£
Amounts owed by group undertakings	1,675,732	1,624,216
Other debtors	3,351	2,311
Prepayments and accrued income	6,540	-
	<u>1,685,623</u>	<u>1,626,527</u>
8 Creditors: amounts falling due within one year	2008	2007
	£	£
Bank loans and overdrafts (secured, see note 14)	69,536	-
Trade creditors	-	881
Taxes and social security costs	9,363	-
Other creditors	31,500	40,315
Accruals and deferred income	12,356	1,750
	<u>122,755</u>	<u>42,946</u>
9 Creditors: amounts falling due after more than one year	2008	2007
	£	£
Other creditors	<u>3,148,041</u>	<u>3,148,041</u>
10 Pension and other post-retirement benefit commitments		
Defined contribution		
	2008	2007
	£	£
Contributions payable by the company for the year	<u>9,055</u>	<u>-</u>

MANTEC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

11 Share capital	2008 £	2007 £
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

During the prior year, the company established an Enterprise Management Incentive share option scheme for certain directors. During the year options were granted over nil (2007: 110) £1 ordinary shares at £550 per share. This leaves options over 110 (2007:110) £1 ordinary shares at £550 in existence, exercisable in whole or in part prior to 5 March 2017.

12 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2008	10,000	2,859,381
Loss for the year	-	(99,954)
Balance at 31 December 2008	10,000	2,759,427
Other reserves		
Balance at 1 January 2008 & at 31 December 2008	10,000	

Other reserves represent amounts received on the group reorganisation in 2006.

13 Reconciliation of movements in shareholders' funds	2008 £	2007 £
(Loss)/Profit for the financial year	(99,954)	872,603
Opening shareholders' funds	2,870,381	1,997,778
Closing shareholders' funds	2,770,427	2,870,381

MANTEC GROUP LIMITED

REGISTRAR'S COPY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

14 Contingent liabilities

At the year end the company was party to a cross guarantee for a group overdraft facility with the following group companies: Fairey Industrial Ceramics Limited, Taylor Tunnicliff Limited, Ceramic Gas Products Limited, Duchess China Limited, Grimwades Limited, Wykes International Limited and Fairey Filtration Systems Limited. At the balance sheet date the contingent liability attributable to Mantec Group Limited amounted to £480,532 (2007: £260,287).

15 Directors' emoluments	2008 £	2007 £
Emoluments for qualifying services	140,340	-
Company pension contributions to money purchase schemes	7,858	-
	<u>148,198</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2007 - 0).

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2008 Number	2007 Number
	<u>2</u>	<u>-</u>

Employment costs	2008 £	2007 £
Wages and salaries	150,116	-
Social security costs	19,042	-
Other pension costs	9,055	-
	<u>178,213</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

17 Related party transactions

At the balance sheet date, included in debtors is an amount of £625,909 (2007: £621,787) owed by Taylor Tunnicliff Limited, a subsidiary undertaking.

During the year, management fees of £25,200 (2007: £nil) were payable by Taylor Tunnicliff Limited.

At the balance sheet date, included in debtors is an amount of £7,673 (2007: £nil) owed by Ceramic Gas Products Limited, a subsidiary undertaking.

During the year, management fees of £29,700 (2007: £nil) were payable by Ceramic Gas Products Limited.

At the balance sheet date, included in debtors is an amount of £30,083 (2007: £nil) owed by Fairey Filtration Systems Limited, a subsidiary undertaking.

During the year, management fees of £29,700 (2007: £nil) were payable by Fairey Filtration Systems Limited.

In the year the company received an amount of £22,410 (2007: £nil) from Fairey Filtration Systems Limited in respect of group relief.

At the balance sheet date, included in debtors is an amount of £9,765 (2007: £19,422) owed by Fairey Industrial Ceramics Limited, a subsidiary undertaking.

During the year, management fees of £37,800 (2007: £nil) were payable by Fairey Industrial Ceramics Limited.

During the year the company received a dividend of £nil (2007: £1,000,000) from Fairey Industrial Ceramics Limited.

At the balance sheet date, included in debtors is an amount of £9,065 (2007: £nil) owed by Duchess China Limited, a subsidiary undertaking.

During the year, management fees of £35,100 (2007: £nil) were payable by Duchess China Limited.

At the balance sheet date, included in debtors is an amount of £10,230 (2007: £nil) owed by Wykes International Limited, a subsidiary undertaking.

During the year, management fees of £39,600 (2007: £nil) were payable by Wykes International Limited.

At the balance sheet date, included in debtors is an amount of £983,007 (2007: £983,007) owed by Mantec Properties Limited, a subsidiary undertaking.

MANTEC GROUP LIMITED

REGISTRAR'S COPY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

17 Related party transactions

(continued)

At the balance sheet date the following creditor balances existed with companies in which, Mr I N Davis, a shareholder of the company, has a material interest.

Creditors due within one year - R J Bown (Holdings) Limited £31,500 (2007: £40,315).

Creditors amounts falling due after more than one year - R J Bown (Holdings) Limited £3,148,041 (2007: £3,148,041).

Of the above amount interest of 3% above Barclays Bank Plc base rate is charged on £1,500,000 (2007: £1,500,000). The loan is secured on a property owned by Mantec Properties Limited, a subsidiary undertaking. During the year interest amounting to £115,490 (2007: £127,654) was charged to the company.

The remaining balance of £1,648,041 (2007: £1,648,041) is unsecured and interest free.

18 Control

The company regards Mr I.N. Davis as its ultimate controlling party by virtue of his interest in the share capital of the company in both the current and previous year.

Subsequent to the year end, Mrs V. Davis became the company's ultimate controlling party on transfer of the shares.