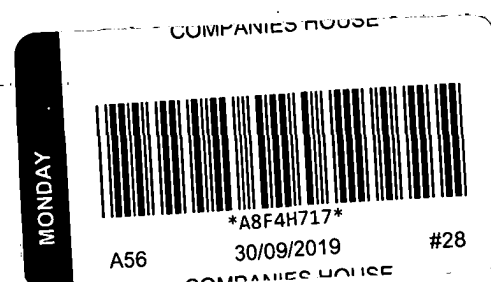


Company Registration No. 00895170 (England and Wales)

**COMPUGRAPHICS INTERNATIONAL LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018**



# COMPUGRAPHICS INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Director</b>	W Laskow
<b>Secretary</b>	J E Capps
<b>Company number</b>	00895170
<b>Registered office</b>	Unit 2 Genesis Business Park Albert Drive Sheerwater Woking Surrey United Kingdom GU21 5RW
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# COMPUGRAPHICS INTERNATIONAL LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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The director presents the strategic report for the year ended 31 December 2018.

### Principal activities and business review

Compugraphics' principal business is the supply of photomasks and reticles to the semiconductor and related product industries such as micro-electro-mechanical modules (MEMs) and opto-electronic devices. Photomask and reticles perform a function similar to a photographic negative when used to pattern structure using optical lithography. As such, Compugraphics has expertise in the processing of electronic design data, electron and laser beam pattern generation, liquid and gas plasma based chemical processing and etching, dimensional and metrology, pellicle attachment, and the repair of damaged photomasks and reticles.

### Results and dividends

The profit for the financial year amounted to £1,108,000 (2017: £2,366,000). The total equity is £8,132,000 (2017: £7,024,000).

For a period of two months during the year under review, the company's manufacturing capacity at Glenrothes was restricted due to major maintenance required of certain key equipment. To ensure the continuation of our services to our customers additional work was sub-contracted to other facilities owned by the Element Solutions Group. All sales orders were met during this period and there was no direct impact to sales as a result.

The financial impact in 2018 was an increase in sub-contracting costs of about £325,000 and plant repair maintenance costs of about £146,000; both these items were accounted for in cost of sales.

In 2019 we have invested in major new equipment with a total value of £1.3 million at our Glenrothes manufacturing facility. This is an outcome of our confidence in the site and commitment to building capability to response to customer needs.

This equipment will also mitigate the risk placed by the key equipment issue in 2018 as it matches most of this capability.

### Key performance indicators

Compugraphics' key financial and other performance indicators were as follows:

	2018 £'000	2017 £'000	Change %
Turnover	9,772	10,582	-7.7%
Operating profit	1,141	2,396	-52.4%
Current assets as % of current liabilities ('quick ratio')	780%	643%	137.0%
Employee head-count at year end	49	53	-7.5%

# COMPUGRAPHICS INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Future development

The company will continue to develop and review long term strategy to ensure growth in the future, including the directors commitment to continuous improvement and cost reduction plans which will go on to improve the overall profitability of the company.

In 2018 the company continued to generate cash, the cash generated from operations was £1,272,000 (2017: £2,373,000). The ultimate parent undertaking is Element Solutions Inc (formerly Platform Specialty Products Corporation), a company incorporated in the USA.

It is still too early to know how the exit from the EU will impact on the company. The reduction in the rate of sterling against the US Dollar, the main currency within the electronics sector has been helpful to the company. About 71% of the company's sales are exports to EU countries. The company therefore benefits from the free movement of goods into and imported from the EU and it hopes that the negotiated exit treaty will minimize any adverse impacts on these movement.

The company's performance is linked to the global electronics industry which requires close cooperation and low intercontinental barriers to trade. We continue to be confident, that with appropriate management and focus, this industry will continue to offer good opportunities for our company.

On behalf of the board



W Laskow

Director

Date: *SEPT 26<sup>th</sup>, 2019*

# COMPUGRAPHICS INTERNATIONAL LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The director presents his annual report and financial statements for the year ended 31 December 2018.

#### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

J P Connolly	(Resigned 31 March 2019)
J Nguyen	(Resigned 15 May 2018)
W Laskow	(Appointed 15 May 2018)

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its director during the year. These provisions remain in force at the reporting date.

#### Principal risks and uncertainties

##### Credit risk

Historically one of the principal risks to the business has been the high dependency on a limited number of customers. As part of our on-going strategy we have continued our efforts to reduce our dependency on a small number of customers. This trend has continued in 2018.

##### FX exposure

One area of uncertainty is the impact of USD exchange rates on our business. The USD exchange rate moved positively in 2017 and has remained in a positive position in 2018. This positively impacted our profit and loss, although this was partially mitigated by a degree of self-hedging i.e. offsetting sales in USD against purchases.

##### Accounts receivable

Debtors increased through the year. Customer credit exposure is mitigated through credit checks, manageable payments terms and monitoring of individual customer accounts.

##### Accounts payable

Compugraphics enjoys strong supplier relationships and makes use of supplier payment terms. For all its key material and services the company always strives to have at least two suppliers to minimise risk and maximise cost leverage.

##### Research and development

The company undertakes research to improve the quality of products delivered to customers. This is linked into the company's process improvement which is managed by the Glenrothes senior team.

##### Auditor

RSM UK Audit LLP were appointed as auditor to the company and management intend that they will be deemed to be reappointed under section 487(2) of the Companies Act 2006 for future reporting periods.

# COMPUGRAPHICS INTERNATIONAL LIMITED

## DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Strategic Report

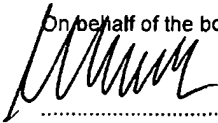
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of:

- an indication of likely future developments in the business of the company required by paragraph 7(1)(b).

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



W Laskow  
Director

Date: *Sept 26<sup>th</sup>*, 2019

# **COMPUGRAPHICS INTERNATIONAL LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUGRAPHICS INTERNATIONAL LIMITED**

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### **Opinion**

We have audited the financial statements of Compugraphics International Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPUGRAPHICS INTERNATIONAL LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the director's responsibilities statement set out on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

*RSM UK Audit LLP*  
Mark Nisbett FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom  
*20 SEP 2019*

# COMPUGRAPHICS INTERNATIONAL LIMITED

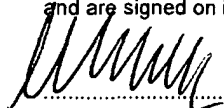
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	9,772	10,582
Cost of sales		(7,286)	(7,139)
<b>Gross profit</b>		<b>2,486</b>	<b>3,443</b>
Distribution costs		(103)	(80)
Administrative expenses		(1,242)	(967)
<b>Operating profit</b>	<b>6</b>	<b>1,141</b>	<b>2,396</b>
Interest receivable and similar income	7	8	7
Interest payable and similar expenses	8	(2)	-
<b>Profit before taxation</b>		<b>1,147</b>	<b>2,403</b>
Tax on profit	9	(39)	(37)
<b>Profit for the financial year</b>		<b>1,108</b>	<b>2,366</b>

**COMPUGRAPHICS INTERNATIONAL LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		612		462
<b>Current assets</b>					
Stocks	11	300		205	
Debtors	12	8,073		7,201	
Cash at bank and in hand		253		364	
		8,626		7,770	
<b>Creditors: amounts falling due within one year</b>	13	(1,106)		(1,208)	
<b>Net current assets</b>			7,520		6,562
<b>Total assets less current liabilities</b>			8,132		7,024
<b>Capital and reserves</b>					
Called up share capital	17		1,857		1,857
Share premium account	18		52		52
Profit and loss reserves	18		6,223		5,115
<b>Total equity</b>			8,132		7,024

The financial statements were approved by the board of directors and authorised for issue on 5 OCT 26<sup>th</sup> 2019 and are signed on its behalf by:



W Laskow  
Director

# COMPUGRAPHICS INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017	1,857	52	2,749	4,658
Year ended 31 December 2017:				
Profit and total comprehensive income for the year	-	-	2,366	2,366
Balance at 31 December 2017	1,857	52	5,115	7,024
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	1,108	1,108
Balance at 31 December 2018	1,857	52	6,223	8,132

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies

##### Company information

Compugraphics International Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 2 Genesis Business Park, Albert Drive, Sheerwater, Woking, Surrey, United Kingdom, GU21 5RW.

The company's principal activities and nature of its operations are disclosed in the Strategic Report on page 1.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000, unless otherwise stated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Compugraphics International Limited, is a wholly owned subsidiary of Element Solutions Inc (formerly Platform Specialty Products Corporation) and the results of Compugraphics International Limited are included in the consolidated financial statements of Element Solutions Inc (formerly Platform Specialty Products Corporation) which are available from 1450 Centrepark Boulevard, Suite 210 West Palm Beach, Florida 33401, USA and are also available from [www.elementsolutionsinc.com](http://www.elementsolutionsinc.com).

##### Going concern

The company meets its day-to-day working capital through its bank facilities. The current economic conditions continue to create uncertainty over: (a) the level of demand for the company's products; and (b) the availability of finance for the foreseeable future. The company forecast and projections, taking into account of reasonable possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquires the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue on products sold is recognised when delivery of the products to the buyer has occurred. In this context, delivery means the point at which the risk of loss or damage to the goods passes from the company to the buyer under the Incoterm rule applicable for each sale. The company recognises turnover, including freight charged to customers, when products are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence that an arrangement exists and the sales price is fixed or determinable.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	maximum 50 years straight line
Plant and equipment	maximum 15 years straight line
Fixtures and fittings	maximum 15 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Stock held on consignment is included in stock when substantially all of the principal benefits and inherent risks rest with the company. The corresponding liability is included under creditors.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies (Continued)

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

---

### 1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.



# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the company financial statements.

### 3 Turnover and other revenue

	2018 £'000	2017 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,550	1,514
North America	429	764
Europe	6,926	7,365
Rest of the world	867	939
	<u>9,772</u>	<u>10,582</u>

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Production	44	46
Administration	6	7
	<u>50</u>	<u>53</u>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	2,038	2,136
Social security costs	244	247
Pension costs	190	158
	<u>2,472</u>	<u>2,541</u>

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Director's remuneration

No directors received any remuneration from the company during either the current or preceding year. The directors' services to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to other fellow group undertakings or the ultimate parent company.

### 6 Operating profit

	2018 £'000	2017 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(69)	(61)
Fees payable to the company's auditor for the audit of the company's financial statements	24	20
Depreciation of owned tangible fixed assets	175	274
Amortisation of Scottish Enterprise grant	(19)	(20)
Cost of stocks recognised as an expense	2,790	2,478
Operating lease charges	21	9
	<u>          </u>	<u>          </u>

### 7 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income		
Interest on bank deposits	-	7
Interest receivable from group companies	8	-
	<u>          </u>	<u>          </u>
Total income	8	7
	<u>          </u>	<u>          </u>

### 8 Interest payable and similar expenses

	2018 £'000	2017 £'000
Other interest on financial liabilities	2	-
	<u>          </u>	<u>          </u>

### 9 Taxation

	2018 £'000	2017 £'000
Current tax		
Adjustments in respect of prior periods	-	56
	<u>          </u>	<u>          </u>
Deferred tax		
Origination and reversal of timing differences	34	16
Changes in tax rates	5	2
Adjustment in respect of prior periods	-	(37)
	<u>          </u>	<u>          </u>
Total deferred tax	39	(19)
	<u>          </u>	<u>          </u>
Total tax charge	39	37
	<u>          </u>	<u>          </u>

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £'000	2017 £'000
Profit before taxation	1,147	2,403
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	218	463
Tax effect of expenses that are not deductible in determining taxable profit	1	1
Effect of change in corporation tax rate	(5)	(2)
Group relief	(180)	(444)
Under provided in prior years	-	21
Other difference	5	(2)
Taxation charge for the year	39	37

During the prior year, the Finance (No 2) Act 2015 came into force, this reduced the corporation tax rate to 19% from 1 April 2017. Also during the prior year the Finance Bill 2016 was enacted so as to reduce the corporation tax rate to 17% for the financial year 2020.

#### 10 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	642	43,482	53	44,177
Additions	-	325	-	325
At 31 December 2018	642	43,807	53	44,502
<b>Depreciation and impairment</b>				
At 1 January 2018	642	43,020	53	43,715
Depreciation charged in the year	-	175	-	175
At 31 December 2018	642	43,195	53	43,890
<b>Carrying amount</b>				
At 31 December 2018	-	612	-	612
At 31 December 2017	-	462	-	462

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	240	197
Work in progress and finished goods	60	8
	<u>300</u>	<u>205</u>

### 12 Debtors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,222	1,243
Amounts owed by group undertakings	6,561	5,502
Other debtors	31	60
Prepayments and accrued income	69	167
	<u>7,883</u>	<u>6,972</u>
Deferred tax asset (note 14)	190	229
	<u>8,073</u>	<u>7,201</u>

Trade debtors are stated after provision for bad debt of £8,000 (2017: £43,000).

Included within amounts owed by group undertakings are cash pooling balances of £6,229,327 (2017: 5,325,560) due from a fellow group entity. Interest is received at 15 basis points.

All other amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

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

	Notes	2018 £'000	2017 £'000
Trade creditors		612	755
Amounts due to group undertakings		228	54
Corporation tax		2	50
Other taxation and social security		-	60
Government grants	15	38	57
Other creditors		6	-
Accruals and deferred income		220	232
		<u>1,106</u>	<u>1,208</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 14 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2018 £'000	Assets 2017 £'000
<b>Balances:</b>		
Accelerated capital allowances	189	228
Other	1	1
	<u>190</u>	<u>229</u>
<b>Movements in the year:</b>		2018 £'000
Liability/(Asset) at 1 January 2018		(229)
Charge to profit or loss		39
Liability/(Asset) at 31 December 2018		<u>(190)</u>

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.

#### 15 Government grants

The governmental grant balance of £38,000 (2017: £57,000) shown within note 13 is solely comprised of a Scottish Enterprise grant that was used to purchase a tangible fixed asset with a useful life of 5 years. The company has accounted for the grant under the accrual model and will release the balance to the profit and loss in line with underlying asset's useful life.

The grant was wholly discretionary, has no unfulfilled conditions and will not be required to be repaid, the company does not directly benefit from any other forms of governmental assistance.

#### 16 Retirement benefit schemes

	2018 £'000	2017 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>190</u>	<u>158</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# COMPUGRAPHICS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Share capital

	2018 £'000	2017 £'000
<b>Ordinary share capital</b>		
Issued and fully paid		
1,857,503 Ordinary shares of £1 each	1,857	1,857

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 18 Reserves

#### Share premium

Share premium represents consideration received for shares issued above their nominal value net of transaction costs.

#### Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

### 19 Financial commitments, guarantees and contingent liabilities

On 13 April 2016, the company entered into a guarantee in respect of the bank borrowings of fellow subsidiary undertakings of Element Solutions Inc (formerly Platform Specialty Products Corporation). The guarantee is secured by a charge on the company's tangible and intangible assets.

After the reporting date, on 31 January 2019, Element Solutions Inc paid down its existing credit agreement. As a result, the credit agreement was terminated, releasing the company and the other guarantors thereto from their obligations, including the guarantee mentioned above.

At the year-end the company had given limited guarantees in respect of the bank position of certain other group companies. These charges were satisfied subsequent to the year-end in June 2019.

### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £'000	2017 £'000
Within one year	18	22
Between one and five years	2	20
	<u>20</u>	<u>42</u>

### 21 Events after the reporting date

Subsequent to the year-end, in March 2019 the company invested in major new equipment with a total value of £1.3 million at the Glenrothes manufacturing facility.

## **COMPUGRAPHICS INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **22 Related party transactions**

The company has taken advantage of the exemption under FRS 102 not to disclose details of intra-group transactions. There are no other related party transactions requiring disclosure.

#### **23 Controlling party**

The immediate parent company is MacDermid (UK) Limited, a company incorporated in England & Wales. MacDermid (UK) Limited has its registered office at: Unit 2 Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW.

The ultimate controlling entity is Element Solutions Inc (formerly Platform Specialty Products Corporation), a company incorporated in the United States of America. Element Solutions Inc (formerly Platform Specialty Products Corporation) has its registered office at: 1450 Centrepark Boulevard, Suite 210 West Palm Beach, Florida 33401, USA.

The largest and smallest group in which the results of the company are consolidated is headed by Element Solutions Inc (formerly Platform Specialty Products Corporation), a company incorporated in the United States of America. The consolidated financial statements of the group are available to the public and may be obtained from the following address: 1450 Centrepark Boulevard, Suite 210 West Palm Beach, Florida 33401, USA and are also available from [www.elementsolutionsinc.com](http://www.elementsolutionsinc.com).