

Registered Number 1357452

PRIMASIL SILICONES LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 2005



PRIMASIL SILICONES LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

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PRIMASIL SILICONES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH APRIL 2005

The directors present their annual report with the accounts of the company for the year ended 30th April 2005.

Principal Activity

The principal activity of the company in the year under review was the manufacture, design and development of fluorosilicone, silicone and fluorocarbon compounds, mouldings and extrusions.

Review of Developments and Future Prospects

The result for the year and the state of affairs of the company at the balance sheet date are considered to be satisfactory.

Results, Dividends and Transfers to Reserves

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

No dividend has been paid on the ordinary share capital (2004 - £Nil per share).

The retained loss for the year of £144,807 has been deducted from reserves. (2004 - £373)

Directors

The directors in office in the year and their interests in the company's issued ordinary share capital were as follows:

S.C.G. Wheeler	Nil
Mrs. S.E. Wheeler	Nil
R. Frost	Nil
S.J. Wheeler	Nil
A.W. Zarebski	Nil
G.W. Neale	Nil
M.R. Wheeler	Nil

G.W. Neale and M.R. Wheeler retire by rotation and being eligible offer themselves for re-election.

PRIMASIL SILICONES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH APRIL 2005

Directors' Responsibilities

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts 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 accounts 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.

Ownership

The company is a wholly owned subsidiary of Chase Products Limited, a company incorporated in England and Wales.

Auditors

A resolution for the re-appointment of Thorne & Co. as auditors will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Directors

S.C.G. Wheeler

Chairman



Approved by the Board: 25th February 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

PRIMASIL SILICONES LIMITED

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on Page 8.

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 Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and the United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the directors' remuneration and transactions with the company 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 Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

PRIMASIL SILICONES LIMITED

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th April 2005 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

27th February 2006
Ross-on-Wye


Thorne & Co.
Registered Auditor

PRIMASIL SILICONES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2005

	<u>Note</u>	<u>2005</u>	<u>2004</u>
<u>Turnover</u>	1	6,793,923	5,989,069
Cost of Sales		<u>-3,958,456</u>	<u>-3,360,429</u>
<u>Gross Profit</u>		2,835,467	2,628,640
Administrative Expenses		<u>-2,927,925</u>	<u>-2,615,955</u>
<u>Operating Profit (Loss)</u>	2	-92,458	12,685
Bank Interest Payable		-6,288	-3,225
Hire Purchase Interest Payable		<u>-10,506</u>	<u>-7,909</u>
<u>Profit (Loss) on Ordinary Activities before Taxation</u>		-109,252	1,551
<u>Taxation</u> - UK Corporation Tax	4	<u>-35,555</u>	<u>-1,924</u>
<u>Retained Profit (Loss) for the Financial Year</u>		-144,807	-373
<u>Retained Profit</u> at 1st May 2004		<u>1,106,457</u>	<u>1,106,830</u>
<u>Retained Profit</u> at 30th April 2005		<u><u>961,650</u></u>	<u><u>1,106,457</u></u>

Continuing Operations

All of the company's activities in the above two financial years derived from continuing operations.

Total Recognised Gains and Losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

PRIMASIL SILICONES LIMITED
BALANCE SHEET - 30TH APRIL 2005

<u>Fixed Assets</u>	<u>Note</u>	<u>2005</u>	<u>2004</u>
Tangible Assets	5	<u>1,338,920</u>	<u>943,211</u>
<u>Current Assets</u>			
Stocks	6	604,809	465,602
Debtors	7	<u>1,479,042</u>	<u>1,267,865</u>
		<u>2,083,851</u>	<u>1,733,467</u>
<u>Creditors: amounts falling due within one year</u>	8	<u>2,076,342</u>	<u>1,310,794</u>
<u>Net Current Assets</u>		<u>7,509</u>	<u>422,673</u>
<u>Total Assets Less Current Liabilities</u>		<u>1,346,429</u>	<u>1,365,884</u>
<u>Creditors: amounts falling due after one year</u>	8	<u>112,866</u>	<u>23,074</u>
		<u>1,233,563</u>	<u>1,342,810</u>
<u>Provisions for Liabilities and Charges</u>	9	<u>201,593</u>	<u>166,033</u>
<u>Net Assets</u>		<u><u>1,031,970</u></u>	<u><u>1,176,777</u></u>
<u>Capital and Reserves</u>			
Called-Up Share Capital	10	55,000	55,000
Share Premium Account		15,320	15,320
Profit and Loss Account		<u>961,650</u>	<u>1,106,457</u>
<u>Shareholders Funds</u> (Including Non-Equity Interests)	11	<u><u>1,031,970</u></u>	<u><u>1,176,777</u></u>

Signed on behalf of the Board of Directors

S.C.G. Wheeler

Chairman



Approved by the Board: 25th February 2006

PRIMASIL SILICONES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 2005

	<u>Note</u>	<u>2005</u>	<u>2004</u>
<u>Net Cash Inflow from Operating Activities</u>	17	<u>26,339</u>	<u>85,555</u>
<u>Return on Investments and Servicing of Finance</u>			
Interest Paid		<u>-16,794</u>	<u>-11,134</u>
<u>Taxation</u>			
Corporation Tax Paid		<u>-2,129</u>	<u>-32,941</u>
<u>Capital Expenditure and Financial Investment</u>			
Purchases of Tangible Fixed Assets		-600,716	-56,097
Sales of Tangible Fixed Assets			16,100
Capital Grants Received		<u>31,533</u>	
		<u>-569,183</u>	<u>-39,997</u>
<u>Financing</u>			
New Hire Purchase		225,951	
Hire Purchase Repayments		<u>-113,612</u>	<u>-97,649</u>
		<u>112,339</u>	<u>-97,649</u>
<u>Increase (Decrease) in Cash in Period</u>		<u>-449,428</u>	<u>-96,166</u>

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

1 Accounting Policies

The accounts have been prepared in accordance with applicable accounting standards and the following accounting policies have been applied consistently.

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced by the company in respect of goods and services provided and the value of work done, excluding Value Added Tax.

Tangible Fixed Assets

Depreciation is calculated on the reducing balance method so as to write off the cost of plant, vehicles and equipment over their estimated useful lives.

Plant and Machinery	10% and 25%
Fixtures, Fittings and Equipment	25%
Motor Vehicles	25%

Capital Grants received are amortised on a straight line basis over five years.

Stock

Stock and Work in Progress has been valued at the lower of cost and net realisable value.

Hire Purchase and Operating Lease Contracts

Tangible fixed assets held under hire purchase contracts are capitalised at cost and the future commitments are included under creditors.

Operating lease rentals are charged to the profit and loss account as they fall due.

Deferred Taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Pension Costs

The company operates a defined contribution scheme covering some of the directors and some of the employees. The amounts included as pension costs represent the contributions paid in respect of the accounting period.

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

2 <u>Operating Profit (Loss)</u>	<u>2005</u>	<u>2004</u>
The operating profit (loss) is stated after charging:-		
Depreciation of Tangible Fixed Assets		
Owned Assets	156,710	87,737
Assets held under Hire Purchase Contracts	48,297	60,675
Operating Lease Rentals	4,447	4,744
Contract Hire Rentals	14,993	14,173
Auditors' Remuneration	5,400	5,250
Directors' Emoluments		
Remuneration	187,576	180,168
Pension Contributions	13,616	13,349
Staff Pension Contributions	<u>95,601</u>	<u>92,585</u>

3 Staff Numbers and Costs

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

Administration	25	25
Production	69	54
	<u>94</u>	<u>79</u>

The aggregate payroll costs of these persons were:-

Wages and Salaries	1,810,250	1,534,095
Social Security Costs	178,428	148,409
Other Pension Costs	109,217	105,934
	<u>2,097,895</u>	<u>1,788,438</u>

4 Taxation

Current Tax

UK Corporation Tax on the results for the year
at 19% less Marginal Relief

Adjustment in respect of earlier years	-5	2,134
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Deferred Tax

Accelerated Capital Allowances	35,560	-210
	<u>35,555</u>	<u>1,924</u>

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

5	<u>Tangible Fixed Assets</u>	Plant and Machinery	Fixtures, Fittings and Equipment	Motor Vehicles	Total
	<u>Cost</u>				
	At 30th April 2004	1,768,484	452,143	62,854	2,283,481
	Additions	581,375	19,341		600,716
	Disposals				
	At 30th April 2005	<u>2,349,859</u>	<u>471,484</u>	<u>62,854</u>	<u>2,884,197</u>
	<u>Depreciation</u>				
	At 30th April 2004	979,255	345,619	15,396	1,340,270
	Charged in Year	162,681	30,458	11,868	205,007
	Disposals				
	At 30th April 2005	<u>1,141,936</u>	<u>376,077</u>	<u>27,264</u>	<u>1,545,277</u>
	<u>Net Book Value</u>				
	At 30th April 2004	789,229	106,524	47,458	943,211
	At 30th April 2005	<u>1,207,923</u>	<u>95,407</u>	<u>35,590</u>	<u>1,338,920</u>
	Tangible Fixed Assets held under Hire Purchase Contracts				
	Net Book Value at 30th April 2005	340,092		32,069	372,161
	Depreciation charged in this year	22,637		10,694	33,331
6	<u>Stocks</u>	<u>2005</u>		<u>2004</u>	
	Raw Materials and Consumables	376,334		268,179	
	Work in Progress	228,475		197,423	
		<u>604,809</u>		<u>465,602</u>	
7	<u>Debtors</u>				
	Trade Debtors	1,421,397		1,180,689	
	Prepayments	57,645		87,176	
		<u>1,479,042</u>		<u>1,267,865</u>	

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

8 <u>Creditors:</u> amounts falling due within one year	<u>2005</u>	<u>2004</u>
Bank Overdraft (Secured)	666,766	217,338
Trade Creditors	737,106	827,866
Accruals	12,608	19,723
Corporation Tax		2,134
Taxation and Social Security	48,072	44,281
Value Added Tax	78,151	63,461
Hire Purchase	111,654	65,053
Chase Products Limited	415,678	70,938
Capital Grants	6,307	
	<u>2,076,342</u>	<u>1,310,794</u>

Creditors: amounts falling due after one year

Repayable between one and five years		
Hire Purchase	88,812	23,074
Capital Grants	24,054	
	<u>112,866</u>	<u>23,074</u>

The company's bankers hold a cross guarantee and debenture by Chase Products Limited, Primasil Silicones Limited and Primasil Technology Limited. The maximum liability under the company's guarantee at 30th April 2005 totalled £1,607,252 (£796,689 at 30th April 2004).

The bank overdraft is secured by a mortgage debenture over the company's fixed and floating assets.

Liabilities under hire purchase contracts are secured on the underlying asset.

9 Provisions for Liabilities and Charges

Deferred Taxation

Provision at 1st May 2004	166,033	166,243
Increase (Decrease) in Provision for the Year	35,560	-210
Provision at 30th April 2005	<u>201,593</u>	<u>166,033</u>

10 Called-Up Share Capital

Authorised

50,000 Ordinary Shares of £1 each	50,000	50,000
5,000 3% Non Cumulative Preference Shares of £1 each	5,000	5,000
	<u>55,000</u>	<u>55,000</u>

Allotted, Called-Up and Fully Paid

50,000 Ordinary Shares of £1 each	50,000	50,000
5,000 3% Non Cumulative Preference Shares of £1 each	5,000	5,000
	<u>55,000</u>	<u>55,000</u>

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

11 Shareholders Funds

2005

2004

a) Analysis of Shareholders Funds

Non-Equity (3% Preference Shares)
Equity

5,000
1,026,970
1,031,970

5,000
1,171,777
1,176,777

Non Equity Interests

Shareholders funds attributable to non-equity interests comprise 5,000 3% Non Cumulative Preference Shares of £1 each at par value. The shares have a priority over ordinary shares in the event of a winding up (to the extent of their par value); and have no vote.

b) Reconciliation of Movements on Shareholders Funds

Profit (Loss) for the Financial Year after Taxation
Opening Shareholders' Funds at 1st May 2004
Closing Shareholders' Funds at 30th April 2005

-144,807
1,176,777
1,031,970

-373
1,177,150
1,176,777

12 Directors' Interests

During the year the company undertook a number of transactions with its holding company Chase Products Limited. S. C. G. Wheeler, Mrs. S. E. Wheeler, M. R. Wheeler and S.J. Wheeler are directors of Chase Products Limited.

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

13 Related Party Transactions

The company receives management services from the holding company Chase Products Limited. The annual charge for this was £720,000 (2004 - £720,000).
The company occupies premises owned by the holding company Chase Products Limited. The annual rent was £120,000 (2004 - £120,000).

Indebtedness at the end of the year was:-	<u>2005</u>	<u>2004</u>
Owing to Chase Products Limited		
Current Account	403,928	59,188
Rent	<u>11,750</u>	<u>11,750</u>

14 Holding Company

The company is a wholly owned subsidiary of Chase Products Limited, a company incorporated in England and Wales. Chase Products Limited is controlled by S.C.G. and Mrs. S.E. Wheeler who jointly have direct control of 93.75% of the ordinary share capital.

15 Operating Lease Commitments

The company is committed to annual payments in respect of operating leases which expire

within 1 year	3,558	1,186
between 1 and 2 years	<u> </u>	<u>3,558</u>

The company is committed to annual payments in respect of contract hire arrangements which expire

within 1 year	11,931	
between 1 and 2 years	<u> </u>	<u>8,806</u>

PRIMASIL SILICONES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 2005

17 <u>Cash Flow Statement Supporting Information</u>		<u>2005</u>	<u>2004</u>	
a) <u>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</u>				
Operating Profit (Loss)		-92,458	12,685	
Depreciation of Tangible Fixed Assets		205,007	148,412	
Amortisation of Capital Grants		-1,172		
(Increase) Decrease in Stocks		-139,207	-59,305	
Increase (Decrease) in Debtors		-211,177	53,536	
Increase (Decrease) in Creditors		265,346	-69,773	
		<u>26,339</u>	<u>85,555</u>	
b) <u>Reconciliation of Net Cash Inflow to Movement in Net Debt</u>				
Increase (Decrease) in Cash in Period		-449,428	-96,166	
Cash applied to repay Hire Purchase		113,612	97,649	
Change in Debt Resulting from Cash Flow		-335,816	1,483	
New Hire Purchase		-225,951		
Movement of Debt in the Period		-561,767	1,483	
Net Debt at 1st May 2004		-305,465	-306,948	
Net Debt at 30th April 2005		<u>-867,232</u>	<u>-305,465</u>	
c) <u>Analysis of Net Debt</u>				
	<u>At 1st May 2004</u>	<u>New Hire Purchase</u>	<u>Cash Flow</u>	<u>At 30th April 2005</u>
Bank Overdraft	217,338		449,428	666,766
Hire Purchase	88,127	225,951	-113,612	200,466
	<u>305,465</u>	<u>225,951</u>	<u>335,816</u>	<u>867,232</u>