Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 December 2013

for

Pluss-Staufer Limited

Pluss-Staufer Limited (Registered number: 03138417)

Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2013

Pluss-Staufer Limited

Company Information
for the Year Ended 31 December 2013

DIRECTORS:	R I Abdul W I Cardew
REGISTERED OFFICE:	Melton Office Melton Bottom Melton North Ferriby East Riding of Yorkshire HU14 3HU
REGISTERED NUMBER:	03138417 (England and Wales)
AUDITORS:	KPMG LLP One Snow Hill Snowhill Queensway Birmingham West Midlands B4 6GH
SOLICITORS:	Geldards LLP Number One Pride Park Place Pride Park Derby DE24 8QR

Group Strategic Report
for the Year Ended 31 December 2013

The directors present their strategic report of the company and the group for the year ended 31 December 2013.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company did not trade during the year.

The principal activities of the group during the year were the manufacture of chemicals and the quarrying, processing and distribution of calcium carbonate and other raw materials for supply to the chemical, plastics, paint, rubber, paper, ink, foodstuffs, building products, pharmaceutical and allied industries.

The results for the year are shown on page 10 of the annual report and financial statements.

The directors do not recommend the payment of a dividend for the year on the ordinary shares (2012 - £nil).

The 2013 environment continued to be challenging across all segments with sales revenues down compared to 2012. In 2013 a 2% reduction in revenue was experienced compared to 2012.

The construction and related segments remain at reduced levels, whilst other segments have experienced some growth compared to 2012.

Gross profit margin has increased to 12.5% from 11.6% in 2012. A combination of sales price increases and cost control have contributed to this.

Competition remains strong, however with tight cost control and a selective investment programme the company remains in a strong position.

ANALYSIS OF DEVELOPMENT AND PERFORMANCE

The company results for 2013 are shown below and it is well positioned to develop its strategies and goals going forward.

During the year, the group sustained a pre- tax profit of £1,288,000, (2012 - pre tax profit £519,000).

The major Key Performance Indicators (KPI's) are shown below:

Year	2013	2012 restated
	£'000	£'000
Turnover	109,392	111,487
EBITDA	6,272	5,316
Net debt	34,767	33,599
Shareholders' funds	14,324	11,003

EBITDA is calculated as earnings before interest, taxation, depreciation, amortisation and impairment.

Net debt is calculated as the cash balances less bank loans and overdrafts.

The group continually reviews and monitors all aspects of the business, incorporating Health, Safety and Environmental, with a substantial number of the plants achieving ISO 9001 AND ISO 14001.

PRINCIPAL RISKS AND UNCERTAINTIES

All businesses face risks and these are reviewed thoroughly and regularly by the board as part of its ongoing corporate governance procedures.

The cost of energy related products are constantly monitored and with a combination of energy contract management and efficiencies achieved on usage the increases in energy and related costs have been minimised.

Raw material prices influenced by commodity cost shifts have been monitored and managed, which together withselling price increases have ensured that margins have been maintained or improved.

FINANCIAL RISK

All treasury activities are focused on the management and hedging of risk. It is the group's policy not to trade financial instruments or to engage in speculative financial transactions. There have been no significant changes in the group's policies in the last year.

In addition to the above, the group is exposed to various specific risks in connection with its financial operations and results, these include the following:

- The impact of movement in equity markets, interest rates and life expectancy on net pension asset.

- Maintenance of the group's cash flows at an appropriate level and the exposure of debt and cash positions to changes in interest rates.

- The potential impact of changes in currency exchange rates on the group's earnings and on the translation of its underlying net assets.

All of the above exposures are managed by the Treasury function which operates within written policies approved by the board and within the internal control framework of the group.

The group's principal financial assets are bank balances and cash, trade and other receivables which represent the group's maximum exposure to credit risk in relation to financial assets. The group's credit risk is primarily attributable to its trade receivables.

The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury function maintains flexibility in funding by maintaining availability under committed credit lines.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The group is exposed to commodity price risk as a result of its operations. The group mitigates this risk by maintaining strong relationships with key suppliers.

The group's interest rate risk arises from long term borrowings. This risk is managed by ensuring that the group is funded substantially by a LIBOR linked interest bearing loan from the ultimate parent company.

Risks and uncertainties associated with foreign exchange are managed on a group basis. Risks associated with the pension scheme for the group are managed by directors and risks associated with the pension scheme for the members are managed by the Trustees of the scheme.

Pluss-Staufer Limited (Registered number: 03138417)

Group Strategic Report
for the Year Ended 31 December 2013

OTHER RISKS
The group is exposed to varying degrees of risk and uncertainty related to other factors including competitive pricing, consumption levels, legislative, fiscal, tax and regulatory developments, political and social conditions in the environments where we operate. All of these risks could materially affect the group's business, our turnover, operating profit, net profit, net assets and liquidity.

There may be risks which are unknown to the group or which are currently believed to be immaterial.

BY ORDER OF THE BOARD:

....
W I Cardew - Director

Date: 21.5.2014

Report of the Directors
for the Year Ended 31 December 2013

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2013.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2013 (2012: £nil).

RESEARCH AND DEVELOPMENT

The group invests in research and development to ensure that the range and quality of its products are continually up to date. The improvement of existing products and processes and the identification and development of new technologies are key aspects of the group's strategy.

DIRECTORS

W I Cardew has held office during the whole of the period from 1 January 2013 to the date of this report.

Other changes in directors holding office are as follows:

R I Abdul - appointed 13 March 2013
G Dixon - resigned 13 March 2013

The directors holding office at 31 December 2013 did not hold any beneficial interest in the issues share capital of the company, or any other UK group company, at 1 January 2013 (or date of appointment if later) or 31 December 2013.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Donations to local charities amounted to £578 (2012: £600).

No contributions were made for political purposes (2012: £nil).

STATEMENT ON INTERNAL CONTROLS

The directors acknowledge their ultimate responsibility for ensuring that the group has in place a system of controls, financial and otherwise, that is appropriate to the business environments in which it operates.

These are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the business or for publication, and the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition; and
- the business being operated efficiently and effectively

The group operates within a control framework developed and refined over a number of years and communicated throughout the group by means of procedures manuals. These lay down common accounting policies and financial control procedures, in addition to controls of a more operational nature.

Of particular importance are those that relate to:

- the definition of the organisation structure and the appropriate delegation of responsibility to operational management;
- the definition of authorisation limits, financial and otherwise;
- the setting of detailed annual budgets, rolling forecasts and the monthly reporting of actual results against them;
- capital expenditure and investment procedures; and
- physical and computer security matters and contingency planning.

HEALTH AND SAFETY AND ENVIRONMENTAL POLICIES

As the group is not only conscious of the need to protect the environment but also recognises its responsibility to the communities in which it operates, it endeavours to conduct its operations so as to minimise all possible hazards. Risk Management (covering all such policies) is included on all meeting agendas (including Board Meetings) to ensure that the group complies with the provisions of all relevant legislation and the group's own policies and is committed to ensure that training is carried out in safe working practices throughout all departments and locations within the group.

FIXED ASSETS

Changes in fixed assets are shown in note 10 of the financial statements.

MARKET VALUES OF INTERESTS IN LAND AND BUILDINGS

In the opinion of the directors the current open market values of the group's freehold and leasehold interests in land and the buildings thereon, on an existing use basis, substantially exceed the amount at which they are included in the financial statements at 31st December 2013. The directors have not attempted to quantify the difference, as in their opinion no useful purpose would be served by this exercise. These assets are used exclusively for the conduct of the group's main business.

SUPPLIER PAYMENT POLICY

It is group policy to pay its suppliers promptly. Accordingly, approved invoices from suppliers are paid in accordance with agreed credit terms.

Pluss-Staufer Limited (Registered number: 03138417)

**Report of the Directors
for the Year Ended 31 December 2013**

EMPLOYEES

The directors recognise the considerable benefits which accrue from informing employees of the activities of the group and its progress and performance. To supplement normal communications within the organisation, quarterly updates are held.

The welfare, health and safety of employees are given special attention. It is the policy of the group to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position, all necessary assistance with initial training is given. Where employees become disabled, the group endeavours to continue to employ them provided there are duties they can perform given their disability.

The directors recognise the importance of training and education of all group employees.

DIRECTORS' INDEMNITIES

The group maintains liability insurance for its directors and officers. Following shareholder approval the group has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force throughout the financial year and also at the date of approval of the financial statements.

PENSION SCHEME

The assets of the group's Pension Scheme are held completely separate from those of the group and the funds of the Scheme, which are administered by Trustees, are invested principally with Mercer. There are no loans between the Scheme and the group.

The Defined Benefit Scheme was closed to future accrual in May 2009.

All employees, including directors, eligible for pension scheme benefits, may participate in a Stakeholder Scheme.

GOING CONCERN

The directors have received confirmation of continuing financial support from Omya AG, which covers a period of at least 12 months from the date of signing these financial statements. Omya AG have also confirmed that they will not demand repayment of the loans due to it during this period. The financial statements have therefore been drawn up on the basis that the company is a going concern.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

Following the resignation of PricewaterhouseCoopers LLP, KPMG LLP were appointed to fulfil the casual vacancy. In accordance with section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors of the group is to be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD:

....

W I Cardew - Director

Date: 21.5.2014

Statement of Directors' Responsibilities for the Year Ended 31 December 2013

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Pluss Staufer Limited

We have audited the financial statements of Pluss Staufer Limited for the year ended 31 December 2013 set out on pages ten to forty-five. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Darren Turner (Senior Statutory Audit)
for and on behalf of KPMG LLP
Chartered Accountants
One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

Date 22.05.2014

Pluss-Staufer Limited (Registered number: 03138417)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2013

	Notes	2013 £'000	2012 as restated £'000
CONTINUING OPERATIONS			
Revenue	2	**109,392**	111,487
Cost of sales		**(95,778)**	(98,556)
GROSS PROFIT		**13,614**	12,931
Other operating income	3	**1,159**	1,298
Administrative expenses		**(12,694)**	(12,823)
OPERATING PROFIT		**2,079**	1,406
Finance costs	5	**(791)**	(887)
PROFIT BEFORE INCOME TAX	6	**1,288**	519
Income tax	7	**143**	210
PROFIT FOR THE YEAR		**1,431**	729
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Actuarial gains and losses		**3,374**	(6,452)
Income tax relating to item of other comprehensive income		**(1,484)**	1,037
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**1,890**	(5,415)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,321**	(4,686)
Profit/(loss) attributable to:			
Owners of the parent		**1,431**	729
Total comprehensive income attributable to:			
Owners of the parent		**3,321**	(4,686)

The notes form part of these financial statements

Pluss-Staufer Limited (Registered number: 03138417)

Consolidated Statement of Financial Position
31 December 2013

	Notes	2013 £'000	2012 as restated £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**3,506**	3,867
Property, plant and equipment	10	**49,097**	51,486
Investments	11	**-**	-
Deferred tax	19	**682**	2,023
		53,285	57,376
CURRENT ASSETS			
Inventories	12	**10,687**	9,851
Trade and other receivables	13	**20,399**	18,042
Cash and cash equivalents	14	**220**	8
		31,306	27,901
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**12,030**	11,498
Bank overdrafts and loans			
Bank overdrafts	16	**-**	1,594
Provisions	18	**-**	401
		12,030	13,493
NET CURRENT ASSETS		**19,276**	14,408
NON-CURRENT LIABILITIES			
Trade and other payables	15	**15**	392
Bank overdrafts and loans			
Interest bearing loans and borrowings	16	**34,987**	32,013
Pension liability	22	**22,079**	26,853
Provisions	18	**1,156**	1,523
		58,237	60,781
NET ASSETS		**14,324**	11,003

The notes form part of these financial statements

continued...

Pluss-Staufer Limited (Registered number: 03138417)

Consolidated Statement of Financial Position - continued
31 December 2013

SHAREHOLDERS' EQUITY			
Called up share capital	20	**25,000**	25,000
Share premium	21	**7,010**	7,010
Capital reserve	21	**410**	410
Mineral reserve	21	**4,860**	4,897
Retained earnings	21	**(22,956)**	(26,314)
TOTAL EQUITY		**14,324**	11,003

The financial statements were approved by the Board of Directors on 21.05.2014 and were signed on its behalf by:

W I Cardew - Director

R I Abdul - Director

The notes form part of these financial statements

Pluss-Staufer Limited (Registered number: 03138417)

Company Statement of Financial Position
31 December 2013

	Notes	2013 £'000	2012 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Investments	11	**25,000**	25,000
		25,000	25,000
CURRENT ASSETS			
Trade and other receivables	13	**3,000**	3,000
LIABILITIES			
NET CURRENT ASSETS		**3,000**	3,000
NON-CURRENT LIABILITIES			
Bank overdrafts and loans			
Interest bearing loans and borrowings	16	**10,936**	10,936
NET ASSETS		**17,064**	17,064
SHAREHOLDERS' EQUITY			
Called up share capital	20	**25,000**	25,000
Retained earnings	21	**(7,936)**	(7,936)
TOTAL EQUITY		**17,064**	17,064

The financial statements were approved by the Board of Directors on 21.05.2014 and were signed on its behalf by:

Ryaan Abdul

Director

RYAAN ABDUL

Director

W I CARDEW

The notes form part of these financial statements

Pluss-Staufer Limited (Registered number: 03138417)

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2013

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 January 2012	25,000	(21,666)	7,010
Changes in equity			
Total comprehensive income	-	(4,648)	-
Balance at 31 December 2012	25,000	(26,314)	7,010
Changes in equity			
Total comprehensive income	-	3,358	-
Balance at 31 December 2013	25,000	(22,956)	7,010

	Capital reserve £'000	Mineral reserve £'000	Total equity £'000
Balance at 1 January 2012	410	4,935	15,689
Changes in equity			
Total comprehensive income	-	(38)	(4,686)
Balance at 31 December 2012	410	4,897	11,003
Changes in equity			
Total comprehensive income	-	(37)	3,321
Balance at 31 December 2013	410	4,860	14,324

The notes form part of these financial statements

Pluss-Staufer Limited (Registered number: 03138417)

Company Statement of Changes in Equity for the Year Ended 31 December 2013

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2012	25,000	(7,936)	17,064
Changes in equity			
Balance at 31 December 2012	25,000	(7,936)	17,064
Changes in equity			
Balance at 31 December 2013	25,000	(7,936)	17,064

The notes form part of these financial statements

Pluss-Staufer Limited (Registered number: 03138417)

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from operations	25	1,019	4,529
Net cash from operating activities		1,019	4,529
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(3)
Purchase of tangible fixed assets		(3,517)	(3,295)
Sale of tangible fixed assets		2,081	50
Net cash from investing activities		(1,436)	(3,248)
Cash flows from financing activities			
Interest paid		(751)	(834)
Group loans raised/(repaid)		2,974	(437)
Net cash from financing activities		2,223	(1,271)
Increase in cash and cash equivalents		1,806	10
Cash and cash equivalents at beginning of year	26	(1,586)	(1,596)
Cash and cash equivalents at end of year	26	220	(1,586)

1. ACCOUNTING POLICIES

General information
Pluss-Staufer Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the company information.

Its immediate parent company is Omya AG, a company incorporated in Switzerland.

The principal activities of the group during the year were the manufacture of chemicals and the quarrying, processing and distribution of calcium carbonate and other raw materials for supply to the chemical, plastics, paint, rubber, paper, ink, foodstuffs, building products, pharmaceutical and allied industries.

Summary of significant accounting policies
These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain property, plant and equipment and in accordance with the Companies Act 2006 and applicable accounting standards.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations, SIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment and financial instruments at fair value through the statement of comprehensive income.

(a) Revisions to Adopted IFRS in 2013
There are no IFRSs or IFRIC interpretations that are effective for the first time for the year ended 31 December 2013 that have had a material impact on the group except for the amendment to IAS 19 (Employee Benefits). The amendment to IAS 19 has been adopted retrospectively and the impact of this is detailed in note 9.

(b) Revisions to IFRS not applicable in 2013
There are no IFRSs or IFRIC interpretations that are effective for future periods that are expected to have a material effect on the financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business, net of discounts, VAT and other sales related taxes. Sales of goods are recognised when goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods, the risks of obsolescence and loss have been transferred and the customer has accepted the goods in accordance with the sales contract.

Interest
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend Income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts.

Business combinations
For acquisitions on or after 1 January 2010, the company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- The fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

continued...

1. **ACCOUNTING POLICIES - continued**

Intangible assets
Amortisation is charged on intangible assets from the date that they are available for use. The estimated useful lives of indemnified intangible assets are as follows:
- Customer lists - 3 years
- Software - 5 years

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

continued...

1. **ACCOUNTING POLICIES - continued**

Property, plant and equipment
Non mineral bearing land and buildings are stated at cost less accumulated depreciation and any recognised impairment loss.

The group has elected to use the revaluation of mineral bearing land before the date of transition to IFRSs as deemed cost at the date of the transition.

Land includes incidental costs (including stripping costs and planning applications) that are capitalised and depreciated in line with IAS 16.

Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment, furniture and fittings and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction down to their residual value, over their estimated useful lives, using the straight-line method, on the following bases:
- Freehold buildings - 5% per annum
- Leasehold premises - over the remaining period of the lease
- Plant and equipment - 5- 33.33% per annum
- Furniture and fittings - 10-15% per annum
- Motor vehicles - 20-25% per annum

Mineral bearing land is depreciated using the Depletion Method. Minerals are depreciated by the proportion that the resources extracted in a period correspond to the total resource.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises raw materials, direct labour, and other direct costs and related production overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Current and deferred income tax
The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date and is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

continued...

1. **ACCOUNTING POLICIES - continued**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Research and development
Research expenditure is written off as incurred.

Development expenditure is also written off, except where the Directors are satisfied that a new or significantly improved product or process results and other relevant IAS 38 criteria are met as to the technical, commercial and financial viability of individual projects that would allow such costs to be capitalised. In such cases, the identifiable expenditure is capitalised and amortised over the period during which benefits are expected.

Foreign currencies
The financial statements are presented in Pounds Sterling which is the group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Government grants
Government grants relating to property, plant and equipment are treated as deferred income and released to profit and loss over the expected useful lives of the assets concerned.

continued...

1. **ACCOUNTING POLICIES - continued**

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the statement of comprehensive income.

Financial liabilities
Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship; any difference between the amount on initial recognition and the redemption value is recognised in the statement of comprehensive income over the period of the financial liabilities using the effective interest method. Those financial liabilities that are part of a fair value hedge accounting relationship are also recorded on an amortised cost basis, plus or minus the fair value attributable to the risk being hedged with a corresponding entry in the income statement.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions for environmental restoration and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time is recognised as an interest expense.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including and directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

continued...

1. **ACCOUNTING POLICIES - continued**

Life assurance costs
The cost of providing employee life assurance is accounted for in the period in which the cost is incurred by the provider.

The cost of employee life assurance benefits is recognised in the period in which the service is rendered and is not discounted.

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Employee benefits
Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods in which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit pension plans is calculated by estimating the amounts of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changes, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in the future contributions and takes into account the adverse effect of any minimum funding requirements.

The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the company in connection with the settlement.

continued...

1. **ACCOUNTING POLICIES - continued**

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Impairment review
The group assesses at each reporting date whether an asset may be impaired. If any such indicator exists the company tests for impairment by estimating the recoverable amount. If the recoverable amount is less that the carrying value an impairment loss is recognised. The main estimates and judgements taken by management relate to the forecasting of future cashflows and the discount rate used to estimate the present value of cash flows to be generated by the asset under review. The group determines the appropriate discount rate at the time based on the weighted average cost of capital of the group.

Change in accounting policy
The group adopted the amendment to IAS19 (Employee Benefits) for the first time in the year ended 31 December 2013. The amendment does not allow unrecognised actuarial losses and therefore these have now been recognised directly in shareholders' equity. The amendment has been applied retrospectively and has therefore resulted in a restatement to the previously reported position at 31 December 2012. A retirement benefit asset of £5,763,000 was previously reported but is now reported as a post employment benefit liability of £26,853,000. The impact on shareholders funds has been a reduction from £36,118,000 to £11,003,000.

The income statement in 2012 has been affected by a change in the basis for calculating finance costs. The amendment resulted in a credit to the statement of comprehensive income of £765,000.

There has also been a change in the deferred tax recognised in respect of the above changes. At 31 December 2012 a deferred tax asset of £1,325,000 was previously reported, a deferred tax liability of £2,732,000 is now reported, impacting on the deferred tax charge to the income statement and reserves.

Company accounting policies
The separate financial statements of the company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in section 9 to the consolidated financial statements except as noted below.

The company is exempted by Section 408 of the Companies Act (2006) from disclosing its statement of comprehensive income, the result for the year is £nil (2012: £nil).

The company has not presented a cash flow statement as no cash and cash equivalents are held by the company and there have been no movements in cash and cash equivalents during the year.

Fixed asset investments are stated at cost unless in the opinion of the directors there has been a permanent diminution in value, in which case an appropriate adjustment is made.

2. **REVENUE**

An analysis of the group's revenue is as follows

	2013	2012
	£'000	£'000
Sales of goods	**109,392**	111,487

3. OTHER OPERATING INCOME

	2013	2012
	£'000	£'000
Rental income	96	96
Miscellaneous income	5	12
Other group related income	1,058	1,190
	1,159	1,298

4. EMPLOYEES AND DIRECTORS

	2013	2012 as restated
	£'000	£'000
Wages and salaries	11,464	11,760

The average monthly number of employees during the year was as follows:

	2013	2012
Production	147	148
Sales and logistics	50	62
Administration	18	27
Research and Engineering	3	7
	218	244

Their aggregate remuneration comprised

	2013	2012 as restated
	£'000	£'000
Wages and salaries	8,249	8,913
Social security costs	869	982
Other costs	449	373
Life assurance	92	97
Other pension costs	1,805	1,395
	11,464	11,760

continued...

4. **EMPLOYEES AND DIRECTORS - continued**

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key Management Personnel is defined as the directors of the company.

	2013	2012
	£'000	£'000
Short-term employee benefits	405	403
Post-employment benefits	30	36
	435	439

Included in the above figures are directors' emoluments of £415,000 (2012: £343,000). The number of directors accruing benefits under defined benefit pensions schemes up to May 2009 are 3 (2012: 3). The emoluments of the highest paid director are £274,000 (2012: £175,000). The pension contributions of the highest paid director are £18,000 (2012: £17,000). The accrued pension for the highest paid director at 31 December 2013 was £20,978 per annum.

5. **NET FINANCE COSTS**

	2013	2012
	£'000	£'000
Finance costs:		
Interest on bank overdrafts	27	20
Interest on group loans	724	813
Unwinding of discount in provisions	40	54
	791	887

6. **PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging/(crediting):

	2013	2012
	£'000	£'000
Operating lease costs - plant and equipment	908	914
Operating lease cost - other	869	1,153
Depreciation - owned assets	3,546	3,436
Profit on disposal of fixed assets	(7)	(50)
Customer relationships amortisation	40	81
Software amortisation	321	321
Auditors' remuneration for audit services	31	56
Auditors' remuneration for tax services	10	10
Research and development costs	1	180
Impairment of property, plant and equipment	286	72
Impairment of trade receivables	4	-

The auditors' remuneration for audit services includes an amount of £4,000 (2012 - £10,000) for the audit of the holding company Pluss Staufer Limited.

continued...

7. INCOME TAX

Analysis of tax income

	2013	2012 as restated
	£'000	£'000
Deferred tax	(143)	(210)
Total tax income in consolidated statement of comprehensive income	(143)	(210)

Factors affecting the tax expense
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2013	2012 as restated
	£'000	£'000
Profit on ordinary activities before income tax	1,288	519
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 24.5%)	296	127
Effects of:		
Non-deductible expenses	17	5
Retirement benefit obligations	(280)	(201)
Under/(over) provision in prior years	77	(58)
Impact of change in the UK tax rate	(253)	(83)
Tax income	(143)	(210)

Tax effects relating to effects of other comprehensive income

	2013		
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial gains and losses	3,374	(1,484)	1,890
	3,374	(1,484)	1,890

	2012		
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial gains and losses	(6,452)	1,037	(5,415)
	(6,452)	1,037	(5,415)

Factors that may affect future tax charges

The Autumn Statement on 5 December 2012 announced that the UK corporation tax will reduce to 21% by 2014. A further reduction to 20% by 2015 was announced on 20 March 2013. The reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Reductions to 21% (effective 1 April 2014) and 20% (effective 1 April 2015) were substantively enacted on 2 July 2013.

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8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2012 - £0).

9. INTANGIBLE ASSETS

Group

	Goodwill £'000	**Customer relationships £'000**	**Software £'000**	**Totals £'000**
COST				
At 1 January 2013 and 31 December 2013	**2,880**	**242**	**1,607**	**4,729**
AMORTISATION				
At 1 January 2013	**-**	**202**	**660**	**862**
Amortisation for year	**-**	**40**	**321**	**361**
At 31 December 2013	**-**	**242**	**981**	**1,223**
NET BOOK VALUE				
At 31 December 2013	**2,880**	**-**	**626**	**3,506**

	Goodwill £'000	Customer relationships £'000	Software £'000	Totals £'000
COST				
At 1 January 2012	2,880	242	1,604	4,726
Additions	-	-	3	3
At 31 December 2012	2,880	242	1,607	4,729
AMORTISATION				
At 1 January 2012	-	121	339	460
Amortisation for year	-	81	321	402
At 31 December 2012	-	202	660	862
NET BOOK VALUE				
At 31 December 2012	2,880	40	947	3,867

Customer relationships consist of customer lists. Technology based intangible assets relate to software which has been capitalised.

Impairment tests for goodwill have been performed, the recoverable amount is determined based on value in use calculations. These calculations use pre-tax cash flow projections covering a five year period. The assumptions used are: Gross Margin 14% (2012 - 14%), Growth Rate 3% (2012 - 3%) and a Pre-tax discount Rate of 11% (2012 - 12%).

continued...

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Land £'000	Buildings £'000	Mineral bearing land £'000	Assets under construction £'000
COST				
At 1 January 2013	6,875	25,643	5,576	2,228
Additions	-	-	-	3,517
Disposals	(416)	(2,295)	-	-
Reclassification/transfer	78	292	-	(1,914)
At 31 December 2013	6,537	23,640	5,576	3,831
DEPRECIATION				
At 1 January 2013	945	12,142	680	-
Charge for year	136	868	37	-
Eliminated on disposal	-	(805)	-	-
Impairments	-	119	-	-
At 31 December 2013	1,081	12,324	717	-
NET BOOK VALUE				
At 31 December 2013	5,456	11,316	4,859	3,831

	Plant & Equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 January 2013	62,255	3,367	2,932	108,876
Additions	-	-	-	3,517
Disposals	(24)	(1,722)	(141)	(4,598)
Reclassification/transfer	1,223	185	136	-
At 31 December 2013	63,454	1,830	2,927	107,795
DEPRECIATION				
At 1 January 2013	38,973	2,430	2,220	57,390
Charge for year	2,163	200	142	3,546
Eliminated on disposal	(22)	(1,556)	(141)	(2,524)
Impairments	2	165	-	286
At 31 December 2013	41,116	1,239	2,221	58,698
NET BOOK VALUE				
At 31 December 2013	22,338	591	706	49,097

continued...

10. PROPERTY, PLANT AND EQUIPMENT - continued

Group

	Land £'000	Buildings £'000	Mineral bearing land £'000	Assets under construction £'000
COST				
At 1 January 2012	6,272	25,126	5,576	1,558
Additions	-	-	-	2,596
Disposals	-	(8)	-	-
Reclassification/transfer	603	525	-	(1,926)
At 31 December 2012	6,875	25,643	5,576	2,228
DEPRECIATION				
At 1 January 2012	883	11,292	642	-
Charge for year	62	858	38	-
Eliminated on disposal	-	(8)	-	-
Impairments	-	-	-	-
At 31 December 2012	945	12,142	680	-
NET BOOK VALUE				
At 31 December 2012	5,930	13,501	4,896	2,228

	Plant & Equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 January 2012	61,771	3,434	2,621	106,358
Additions	-	90	609	3,295
Disposals	(314)	(157)	(298)	(777)
Reclassification/transfer	798	-	-	-
At 31 December 2012	62,255	3,367	2,932	108,876
DEPRECIATION				
At 1 January 2012	37,089	2,357	2,396	54,659
Charge for year	2,128	228	122	3,436
Eliminated on disposal	(314)	(157)	(298)	(777)
Impairments	70	2	-	72
At 31 December 2012	38,973	2,430	2,220	57,390
NET BOOK VALUE				
At 31 December 2012	23,282	937	712	51,486

At 31 December 2013, the group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £604,000 (2012: £2,297,000).

The current year impairment relates to redundant assets arising from the sale of the Derby office. The prior year impairment relates to redundant plant at one production site that will no longer generate any future economic inflow.

continued...

11. INVESTMENTS

Company

	Investment in subsidiaries £'000
COST	
At 1 January 2013 and 31 December 2013	25,000
NET BOOK VALUE	
At 31 December 2013	25,000
At 31 December 2012	25,000

	Investment in subsidiaries £'000
COST	
At 1 January 2012 and 31 December 2012	25,000
NET BOOK VALUE	
At 31 December 2012	25,000

Details of the group's subsidiaries at 31 December are as follows

Name of subsidiary	Place of incorporation	Class of Share held	Ownership	Voting power	Principal activity
Aglime Ltd	England & Wales	Ordinary	100%	100%	Dormant
Croxton & Garry Ltd	England & Wales	Ordinary	100%	100%	Dormant
Derbyshire Stone Ltd	England & Wales	Ordinary	100%	100%	Dormant
Eglinton Limestone Co Ltd	England & Wales	Ordinary	100%	100%	Dormant
Hunterchem Ltd	England & Wales	Ordinary	100%	100%	Dormant
Laminox Ltd	England & Wales	Ordinary	100%	100%	Dormant
Nortalc Milling Ltd	England & Wales	Ordinary	100%	100%	Dormant
Norwegian Talc Ltd	England & Wales	Ordinary	100%	100%	Dormant
Omya Ltd	England & Wales	Ordinary	100%	100%	Dormant
Protexulate Ltd	England & Wales	Ordinary	100%	100%	Dormant
Scopefare Ltd	England & Wales	Ordinary	100%	100%	Dormant
Omya UK Limited	England & Wales	Ordinary	100%	100%	See below

The principal activities of Omya UK Limited during the year were the manufacture of chemicals and the quarrying, processing and distribution of calcium carbonate and other raw materials for supply to the chemical, plastics, paint, rubber, paper, ink, foodstuffs, building products, pharmaceutical and allied industries.

continued...

12. INVENTORIES

	Group	
	2013	2012
	£'000	£'000
Raw materials	**1,563**	1,637
Finished goods	**7,858**	6,892
Spare parts	**1,266**	1,322
	10,687	9,851

During the year, £nil (2012 - £nil) was provided for slow moving and obsolete stocks.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Current:				
Amount receivable from sale of goods	**18,089**	16,506	**-**	-
Receivables from related parties	**1,751**	1,219	**3,000**	3,000
Other receivables	**21**	18	**-**	-
Prepayments and accrued income	**538**	299	**-**	-
	20,399	18,042	**3,000**	3,000

Ageing of trade receivables

	2013	2012
	£'000	£'000
Not overdue	**11,123**	10,627
Past due less than 10 days	**5,340**	3,937
Past due more than 10 days but less than two months	**1,219**	1,901
Past due more than two months but less than six months	**318**	22
Past due more than six months but less than twelve months	**93**	19
Impairment provision for trade receivables	**(4)**	-
	18,089	16,506

The carrying amounts of the group's trade and other receivables are denominated in the following currencies

British Pound	**17,086**	16,385
Euro	**2,468**	1,432
US Dollar	**811**	225
Danish Krone	**34**	-
	20,399	18,042

continued...

14. CASH AND CASH EQUIVALENTS

	Group	
	2013	2012
	£'000	£'000
Cash in hand	**3**	8
Bank accounts	**217**	-
	220	8

15. TRADE AND OTHER PAYABLES

	Group	
	2013	2012
	£'000	£'000
Current:		
Amount payable from purchase of goods	**7,823**	7,320
Amounts due to related parties	**2,091**	2,371
Other tax and social security	**1,661**	1,339
Other payables	**366**	371
Accruals and deferred income	**88**	96
Deferred government grants	**1**	1
	12,030	11,498
Non-current:		
Other payables	**-**	376
Deferred government grants	**15**	16
	15	392
Aggregate amounts	**12,045**	11,890

continued...

16. BANK OVERDRAFTS AND LOANS

At the balance sheet date the company owes £10,936,000 (2012: £10,936,000) to fellow subsidiaries. These borrowings are unsecured and bear no interest.

	Group	
	2013	2012
	£'000	£'000
Bank overdraft	-	1,594
Ultimate parent company loan	**34,987**	32,013
	34,987	33,607

The borrowings are repayable as follows		
On demand or within one year	-	1,594
After five years	**34,987**	32,013

Analysis of borrowings by currency

	Total	**Sterling**	**Euros**	**US Dollars**	**Others**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2013					
Bank overdrafts	-	-	-	-	-
Ultimate parent company loan	**34,987**	**34,987**	-	-	-
At 31 December 2012					
Bank overdrafts	1,594	1,977	(367)	(14)	(2)
Ultimate parent company loan	32,013	32,013	-	-	-

The weighted average interest rates paid were as follows

	2013	2012
Bank overdrafts	-	1.50%
Ultimate parent company loan	**2.11%**	2.40%

The other principal features of the group's borrowings are as follows:
(i) Bank overdraft was repayable on demand.
(ii) The group has the following principal loan:

A loan of £35.0m (2012: £32.0m) with the ultimate parent company. This loan was taken out in May 2006 was first renewed in 2008, 2010 and 2013. The loan carries an interest rate of 2.11% which is the rate of 1.60% over 3 months LIBOR. No security is pledged for these loans and no repayment dates have been set.

At 31 December 2013, the group had available £6.0m (2012: £9.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

continued...

17. LEASING AGREEMENTS

At the balance sheet date the company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

The group had the following future minimum lease payments under non-cancellable operating leases that fall due as follows:

	2013	2012
	£'000	£'000
Within one year	956	892
Between one and five years	1,663	2,013
In more than five years	2,684	3,003
	5,303	5,908

18. PROVISIONS

	Group	
	2013	2012
	£'000	£'000
Onerous lease provision	-	466
Restructuring provision	-	310
Litigation provision	-	35
Restoration and dilapidations provision	1,156	1,113
	1,156	1,924
Analysed as follows:		
Current	-	401
Non-current	1,156	1,523
	1,156	1,924

	Onerous lease provision £'000	Restoration and dilapidations provision £'000	Restructuring provision £'000	Litigation provision £'000	Total £'000
At 1 January 2013					
- Current	56	-	310	35	401
- Non-current	410	1,113	-	-	1,523
Additional provision in the year	65	8	-	-	73
Utilisation of provision	(537)	-	(310)	(35)	(882)
Unwinding of discount	6	35	-	-	41
At 31 December 2013	-	1,156	-	-	1,156
- Current	-	-	-	-	-
- Non-current	-	1,156	-	-	1,156

continued...

18. **PROVISIONS - continued**

Estimated long term restoration provisions, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements. Based on damage done to date the net present value of expected restoration cost estimates are recognised and provided for in full in the financial statements. This provision is estimated to be utilised between 2014 and 2054.

The estimates are reviewed annually and are discounted using a pre-tax risk free rate that is adjusted to reflect the current market assessments of the time value of money.

19. **DEFERRED TAX**

The following are the major deferred tax liabilities and (assets) recognised by the group and movements thereon during the current reporting period.

	Accelerated tax depreciation	**Revaluation of mineral reserve**	**Retirement benefit obligations**	**Tax losses**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2012 - restated	6,880	694	(5,584)	(2,766)	(776)
Recognised in income	(633)	(56)	445	34	(210)
Recognised in equity	-	-	(1,037)	-	(1,037)
At 31 December 2012 - restated	6,247	638	(6,176)	(2,732)	(2,023)
Recognised in income	**(1,421)**	**(83)**	**279**	**1,082**	**(143)**
Recognised in equity	**-**	**-**	**1,484**	**-**	**1,484**
At 31 December 2013	**4,826**	**555**	**(4,413)**	**(1,650)**	**(682)**

Certain deferred tax assets and liabilities have been offset.
The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2013	2012 as restated
	£'000	£'000
Deferred tax liabilities	**5,381**	6,885
Deferred tax assets	**(6,063)**	(8,908)
	(682)	(2,023)

Temporary differences not recognised in the above are insignificant.

At the balance sheet date, the group has unused tax losses of £8.5m (2012: £11.9m) available for offset against future profits and a deferred tax asset has been recognised in respect of these losses. The deferred tax asset has been recognised as the group is expected to generate adequate taxable profits in the foreseeable future to recover the asset.

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**Company and group 2013 £'000**	2012 £'000
25,000,000	Ordinary	£1	**25,000**	25,000

continued...

21. RESERVES

Group

	Retained earnings £'000	Share premium £'000	Capital reserve £'000	Mineral reserve £'000	Totals £'000
At 1 January 2013	(26,314)	7,010	410	4,897	(13,997)
Profit for the year	1,431	-	-	-	1,431
Amortisation transfer	37	-	-	(37)	-
Actuarial gains and losses on defined benefit pension	3,374	-	-	-	3,374
Deferred taxation on actuarial gains or losses	(1,484)	-	-	-	(1,484)
At 31 December 2013	(22,956)	7,010	410	4,860	(10,676)

Company

	Retained earnings £'000
At 1 January 2013	(7,936)
Profit for the year	-
At 31 December 2013	(7,936)

continued...

22. EMPLOYEE BENEFIT OBLIGATIONS

The group operates a defined benefit scheme for qualifying employees which requires contributions to be made to a separately administered fund.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out in June 2013 by Mercer Limited, a firm of actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The Defined Benefit Scheme was closed to future accrual in May 2009.

The actuarial valuations described above have been updated at 31 December 2013 by the actuaries using assumptions that are consistent with the requirements of IAS19.

The amounts recognised in the statement of financial position are as follows:

	Defined benefit pension plans	
	2013	2012 as restated
	£'000	£'000
Present value of funded obligations	**(86,205)**	(88,968)
Fair value of plan assets	**64,126**	62,115
	(22,079)	(26,853)
Present value of unfunded obligations	**-**	-
Net liability	**(22,079)**	(26,853)

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2013	2012 as restated
	£'000	£'000
Current service cost	**-**	-
Past service cost	**39**	-
Gains/losses on settlements and curtailments	**-**	(265)
Interest cost	**3,761**	4,072
Interest income	**(2,661)**	(3,085)
	1,139	722
Actual return on plan assets	**2,457**	3,891

During 2012, members of the defined benefit scheme were offered two options to transfer out of the scheme. An enhanced transfer value option or an immediate annuity option were offered which enabled the company to reduce the inherent liability and risk of the scheme. A settlement gain of £265,000 resulted from this exercise.

continued...

22. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2013	2012 as restated
	£'000	£'000
Opening defined benefit obligation	**88,968**	95,382
Past service cost	**39**	-
Interest cost	**3,761**	4,072
Remeasurements - effects of changes in demographic assumptions	**(5,211)**	2,178
Remeasurements - Effects of changes in financial assumptions	**(3,041)**	5,487
Benefits paid	**(2,985)**	(17,479)
Remeasurements - effect of experience adjustments	**4,674**	(407)
Gain on settlement	**-**	(265)
	86,205	88,968

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2013	2012 as restated
	£'000	£'000
Opening fair value of scheme assets	**62,115**	73,045
Contributions by employer	**2,539**	2,658
Interest income	**2,661**	3,085
Benefits paid	**(2,985)**	(17,479)
Remeasurements - return on plan assets (excluding) interest	**(204)**	806
	64,126	62,115

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2013	2012 as restated
	£'000	£'000
Actuarial gains/(losses)	**3,374**	(6,452)
	3,374	(6,452)

continued...

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2013	2012 as restated
	£'000	£'000
Equity instruments	**19,527**	29,256
Debt instruments	**38,318**	28,014
Cash and cash equivalents	**101**	210
Property	**1,820**	1,739
Other	**4,360**	2,896
	64,126	62,115

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2013	2012
Discount rate	**4.60%**	4.30%
Inflation rate (consumer price index)	**2.50%**	2.30%
Future pension increases	**3.30%**	3.00%
Return on equities	**7.60%**	6.70%
Return on corporate bonds	**4.60%**	4.30%
Return on gilts	**3.60%**	2.70%
Return on cash	**3.60%**	2.70%

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

In assessing the post retirement mortality of members in the defined benefit scheme, the company has used S1NA (YoB) tables with a 90% weighting for males and a 93% weighting for females. CMI 2013 projections with a 1.25% p.a. long term improvement rate have been used for mortality improvements. At the previous year-end mortality was assumed to be in line with S1NA (YOB) "light" mortality tables with a 1 year age reduction adjustment for males and females and CMI 2011 mortality improvements with a 1.25% long term trend rate.

Assumed life expectations on retirement at age 65 (male)

	2013	2012
Retiring today (member aged 65)	**22.9**	24.8
Retiring in 25 years (member aged 40 today)	**25.1**	27.0

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table shows the defined benefit obligation resulting from adjustments to the assumptions.

	2013	2012 as restated
	£'000	£'000
Decrease in discount rate of 0.25%	**90,104**	93,822
Increase in discount rate of 0.25%	**82,557**	84,377
Decrease in inflation rate of 0.25%	**84,323**	86,870
Increase in inflation rate of 0.25%	**88,200**	91,292
Members one year younger than assumed	**89,100**	92,004

continued...

Amounts for the current and previous four periods are as follows:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension plans					
Defined benefit obligation	**(86,205)**	(88,968)	(95,382)	(85,441)	(85,180)
Fair value of scheme assets	**64,126**	62,115	73,045	67,471	61,107
Deficit	**(22,079)**	(26,852)	(22,337)	(17,970)	(24,073)
Experience adjustments on scheme liabilities	**-4.15%**	8.16%	8.28%	-2.57%	10.23%
Experience adjustments on scheme assets	**-**	0.66%	2.42%	3.20%	10.14%

The estimated amount of contributions expected to be paid to the scheme during the 2014 financial year is £2,500,000.

Defined contribution scheme

The group operates defined contribution retirement benefit schemes for certain qualifying employees. The assets of the schemes are held separately from those of the group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

The total cost charged to income of £666,000 (2012: £673,000) represents contributions payable to these schemes by the group at rates specified in the rules of the plans.

23. CONTINGENT LIABILITIES

a) Other
Other contingent liabilities arise in the normal course of business. It is not anticipated that any material loss will arise in connection therewith.

b) Other Guarantee
The group has a duty guarantee for £250,000 (2012: £250,000).

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24. RELATED PARTY DISCLOSURES

Related party transactions of the group which are considered to be material are as follows:-

a) Ultimate Controlling Party
The ultimate parent company is Omya AG, a company registered in Switzerland. The ultimate controlling party is the Schachenmann family.

b) Subsidiary Companies
Details of investments in subsidiary companies are disclosed in note 12.

c) Overseas Group Companies
During the year, the group traded with fellow subsidiary companies of Omya AG, situated overseas. The group's trading activities, all of which were in the ordinary course of business and at arms'- length with these companies, included £12,624,000 (2012: £12,095,000) for the sale of goods, £1,093,000 (2012: £1,185,000) for services provided to the group, £16,180,000 (2012: £13,547,000) for the purchase of goods, £724,000 (2012: £813,000) for interest expenses on loans and £4,174,000 (2012: £3,571,000) for service charges from group companies.

The amounts owed by overseas group companies at the year-end amounted to £1,750,000 (2012: £1,219,000) and the amounts owed to overseas group companies at the year-end amounted to £2,091,000 (2012: £2,373,000).

The receivables from related parties arise mainly from trading transactions with subsidiaries. The receivables are unsecured in nature and bear no interest.

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

Details of loans from the parent company, which is a related party, are provided in note 17.

Related party transactions of the company which are considered to be material are as follows:-

Receivables and payables relating to group companies
The receivables from related parties amount to £3,000,000 (2012: £3,000,000). The receivables are unsecured in nature and bear no interest.

The payables related parties amount to £10,936,000 (2012: £10,936,000). The payables are unsecured in nature and bear no interest.

25. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2013	2012 as restated
	£'000	£'000
Profit before income tax	**1,288**	519
Depreciation charges	**3,907**	3,838
Profit on disposal of fixed assets	**(7)**	(50)
Impairment charges	**286**	72
(Decrease)/increase in provisions	**(808)**	313
Finance costs	**791**	887
	5,457	5,579
(Increase)/decrease in inventories	**(836)**	1,168
Increase in trade and other receivables	**(2,355)**	(681)
Increase in trade and other payables	**153**	399
Difference between pension charge and cash contributions	**(1,400)**	(1,936)
Cash generated from operations	**1,019**	4,529

continued...

26. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 31 December 2013

	31.12.13	1.1.13
	£'000	£'000
Cash and cash equivalents	220	8
Bank overdrafts	-	(1,594)
	220	(1,586)

Year ended 31 December 2012

	31.12.12	1.1.12
	£'000	£'000
Cash and cash equivalents	8	11
Bank overdrafts	(1,594)	(1,607)
	(1,586)	(1,596)

continued...

27. FINANCIAL AND CAPITAL RISK

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management programme seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by the treasury function under policies approved by the board of directors.

Market risk - The group's interest rate risk arises from long-term borrowings. The group is funded substantially by a LIBOR linked interest bearing loan from the ultimate parent company. At 31 December 2013, the group had a loan of £35.0m (2012: £32.0m) with the ultimate parent company which carried an interest rate at 1.60% over 3 months LIBOR.

Credit risk - The group's credit risk is primarily attributable to its trade receivables. The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. At 31 December 2013, 0.2% (2012: 0.3%) of trade debtors were over two months overdue.

Liquidity risk - Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury function maintains flexibility in funding by maintaining availability under committed credit lines. At 31 December 2013, the group had available £6.0m (2011: £8.5m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Interest rate risk - the group is funded substantially by interest bearing payables to the Omya AG group. As a consequence the group is dependent on the Omya AG group treasury department for managing interest rate risk. The impact of the interest rate risk is passed down from the Omya AG group to the group through the increase or decrease in the rate payable on group funding. If the group interest rate had increased by 1% with all other variables held constant, pre-tax losses for the year would have been £343,000 higher.

The following table analyses the companies non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2013					
Borrowings	-	-	-	-	34,987
Bank overdraft	-	-	-	-	-
Trade and other payables	12,486	1,895	-	-	5,460
Provisions	-	-	-	-	1,156
	12,486	1,895	-	-	41,603
At 31 December 2012					
Borrowings	-	-	-	-	32,013
Bank overdraft	1,594	-	-	-	-
Trade and other payables	14,120	264	393	-	5,460
Provisions	15	387	58	174	1,505
	15,729	651	451	174	38,978

continued...

Capital Risk
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.