Company Registration No. 03139509

International Process Technologies Limited and subsidiary companies

Report and Financial Statements

31 December 2011

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M Stoke (Chairman)
P R Benson
K J Bilham
C F Dunnett

SECRETARY

K J Bilham

REGISTERED OFFICE

Trading Estate
Farnham
Surrey
GU9 9NY

BANKERS

Lloyds Bank (formerly Lloyds Bank Corporate Markets)
PO Box 112
Canons House
Canons Way
Bristol
BS99 7LB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom

SOLICITORS

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

DIRECTORS' REPORT
Year ended 31 December 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding and management service company to the IPT Group of companies The principal trading activity of the group is that of plastic engineering operations, covering the manufacture of plastic materials, plastic moulding, compounding and grinding and plastic coating

The group continues to invest in research and development which has resulted in a number of new products being introduced to the market in the year The directors regard this investment as key to the continued success in the medium to long term future of the business

As shown in the consolidated profit and loss account on page 7, the group's sales have increased by 9 0% over the prior year (2010 14 9% increase) Following the turbulent trading environment that started in 2010 due to the world wide recession there has been a marked improvement in trading fortunes with most regions recovering from the 2010 levels Most of the regions have shown significant recovery from the 2010 results with the UK up 8 6%, the USA up 7 7% and the Rest of the World up 20 5% In Europe, however the recovery has been somewhat slower and 2011 volumes are only 4 2% higher than 2010 There have been some significant customer gains for the business in the coating powder sector and these customers have continued purchasing at levels similar to 2011 in the early part of 2012 Both Plastic Coatings and United Moulders have recovered their turnover in 2011 as the markets have become more active and we have also seen a widening in the customer base The recovery of the automotive sector has been significant in the improvement of the fortunes for Plastic Coatings The start of 2012 has been encouraging but there are market sectors particularly construction which are still exhibiting erratic demand There has been a continual rise in the cost of material feedstocks at the start of 2012, which will be a challenge for the new year and due to the pricing mechanisms employed across the group we should be able to mitigate the impact on margins

The group's net borrowings were on a par with 2010 levels with £3 0m total net borrowings at the end of 2011 financial year, due to the capital purchases for new strategic equipment for the group The group interest payable on loans and overdrafts at £0 2m (2010 £0 2m) was at last year's level, and continues to benefit in the coming year due to low base rate levels in the UK and Europe

PRINCIPAL RISKS AND UNCERTAINTIES

The group's sales to customers in the United States, Middle East and the Far East are in US Dollars and therefore the group is exposed to movement in the US Dollar to pounds sterling exchange rates, however there is limited hedging as there are purchases that the company makes in US Dollars from time to time The group also sells and purchases products in Europe but minimises this risk by operating currency accounts for these transactions Where possible the group will enter forward sale and purchase contracts to secure rates of exchange

The group is also financed by long term loan and operational finance agreements which have a fixed premium related to the bank base rates and therefore there is exposure to changes in these base rates

With many manufacturers in the United Kingdom and Western Europe reviewing where they make their products there is a risk that metal fabrication could move offshore to possibly China or Eastern Europe The group continues to focus on supply chain management and by following this strategy the group have been able to replace lost business by growing existing customers and attracting new customers

RESULTS

The profit for the year after taxation was £1 6m (2010 £1 5m) The gross profit at £6 6m represents 25 3% of sales and compares to the 2010 performance (25 6%) Throughout the year there were significant increases in material costs and more modest rises in processing costs, the later has been mitigated due to some forward fixing of contract based costs Whilst sales prices have been increased it has taken some time to pass these onto customers

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2011

FUTURE PROSPECTS

The directors intend to take advantage of the market opportunities in Europe and the Far East that have continued to open up to the company since 2010 and are in negotiations with new customers in these regions for 2012 It is the directors' aim to improve where possible operating efficiencies to ensure that group operating profit is maintained This will be achieved through focussed improvement initiatives and targeted capital investment

GOING CONCERN

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future The company is in a net current liabilities position, due to intercompany debt The directors have satisfied themselves that this debt will not be called and hence will not have a detrimental effect on the company Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

DIVIDENDS

The directors are not recommending payment of a dividend on the ordinary shares (2010 £nil) No dividend is due to the preference shareholders as they have previously agreed to waive their entitlement to past unpaid dividends together with future dividends in respect of the 7% cumulative redeemable preference shares

DIRECTORS AND THEIR INTERESTS

The current list of directors is shown on page 1 All directors served throughout the year and to the date of this report

EMPLOYEES

The Group pursues a policy of employee communication through meetings, including briefings and team meetings, and through internal notification of the Group focus and movement

The Group employs disabled persons whenever circumstances permit, and full and fair consideration is given to applications for employment by disabled persons having regard to their particular aptitudes and disabilities

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2011

AUDITOR

In the case of the director of the company at the date when this report is approved

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue as auditor and a resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

K J Bilham
Director
4th May 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PROCESS TECHNOLOGIES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of International Process Technologies Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Movements in Consolidated Shareholders' Funds, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- 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 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Tobias Wright

Tobias Wright (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
8 May 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover – continuing operations	2	26,268	24,110
Cost of sales		(19,635)	(18,030)
Gross profit		6,633	6,080
Distribution costs		(1,502)	(1,334)
Administrative expenses		(3,067)	(2,690)
		(4,569)	(4,024)
Operating profit – continuing operations	3	2,064	2,056
Total interest receivable and similar income	5	115	26
Interest payable and similar charges	5	(179)	(164)
Profit on ordinary activities before taxation		2,000	1,918
Tax charge on profit on ordinary activities	6	(419)	(422)
Retained profit for the financial year	18	1,581	1,496

CONSOLIDATED BALANCE SHEET
31 December 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	8	34	34
Tangible assets	9	5,795	5,388
		5,829	5,422
CURRENT ASSETS			
Stocks	11	2,084	1,782
Debtors	12	4,421	3,903
Cash at bank and in hand		237	660
		6,742	6,345
CREDITORS: amounts falling due within one year	13	(4,207)	(4,758)
NET CURRENT ASSETS		2,535	1,587
TOTAL ASSETS LESS CURRENT LIABILITIES		8,364	7,009
CREDITORS: amounts falling due after more than one year	14	2,533	2,358
PENSION LIABILITY	18, 20	2,610	1,069
PROVISIONS FOR LIABILITIES AND CHARGES	16	427	476
CAPITAL AND RESERVES			
Called up share capital	17	1,261	1,261
Share premium account	18	10,385	10,385
Capital redemption reserve	18	82	82
Profit and loss account deficit	18	(8,934)	(8,622)
CAPITAL AND RESERVES		2,794	3,106
CAPITAL EMPLOYED		8,364	7,009

These financial statements of International Process Technologies Limited, registered number 03139509, were approved and authorised for issue by the Board of Directors on 4th May 2012

Signed on behalf of the Board of Directors

C F Dunnett
Director

COMPANY BALANCE SHEET
31 December 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	9	1	2
Investments	10	56,292	56,292
		56,293	56,294
CURRENT ASSETS			
Debtors	12	221	136
Cash at bank and in hand		1,205	59
		1,426	195
CREDITORS: amounts falling due within one year	13	(7,355)	(6,186)
NET CURRENT LIABILITIES		(5,929)	(5,991)
TOTAL ASSETS LESS CURRENT LIABILITIES		50,364	50,303
CREDITORS: amounts falling due after more than one year	14	46,980	47,155
CAPITAL AND RESERVES			
Called up share capital	17	1,261	1,261
Share premium account	18	10,385	10,385
Capital redemption reserve	18	82	82
Profit and loss account deficit	18	(8,344)	(8,580)
CAPITAL AND RESERVES		3,384	3,148
CAPITAL EMPLOYED		50,364	50,303

These financial statements of International Process Technologies Limited, registered number 03139509, were approved and authorised for issue by the Board of Directors on 4th May 2012

Signed on behalf of the Board of Directors

C F Dunnett
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	22	1,695	1,953
Returns on investments and servicing of finance	23	(179)	(164)
Net taxation paid		(392)	(306)
Capital expenditure and financial investment	23	(1,154)	(454)
Net cash (outflow) / inflow before financing		(30)	1,029
Financing	23	223	(2,248)
Increase / (decrease) in cash in the year	24	193	(1,219)

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS
Year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the financial year	1,581	1,496
Actuarial (loss) / gain relating to pension scheme	(2,441)	7
UK deferred tax attributable to actuarial (loss) /gain	588	(15)
Currency translation differences on net assets of overseas subsidiaries	(40)	(156)
Purchase of Equity Shares	-	(2,402)
Net decrease in shareholders' funds	(312)	(1,070)
Opening shareholders' funds	3,106	4,176
Closing shareholders' funds	2,794	3,106

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2011

	2011 £'000	2010 £'000
Group		
Profit for the financial year	1,581	1,496
Actuarial (loss) / gain relating to pension scheme	(2,441)	7
UK deferred tax attributable to actuarial (loss) / gain	588	(15)
Currency translation differences on net assets of overseas subsidiaries	(40)	(156)
Purchase of Equity Shares	-	(2,402)
Total recognised gains and losses relating to the year	(312)	(1,070)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries for the year ended 31 December 2011

Going concern

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Goodwill

On acquisition of a business, fair values are attributed to the Group's share of net tangible assets acquired Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and, prior to the adoption of FRS 10, was written off directly to reserves in the year of acquisition Following the adoption of FRS 10, goodwill arising on acquisitions is capitalised and amortised over its useful economic life, which is generally considered to be twenty years The directors regard twenty years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period

The profit or loss on the disposal of previously acquired businesses includes the attributable amount of any purchased goodwill previously written off to reserves relating to that business

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for any impairment Depreciation is not provided on freehold land or assets in the course of construction On other assets it is provided on cost in equal annual instalments over the estimated useful lives of the assets The rates of depreciation used are as follows

Freehold and long leasehold buildings	-	over 50 years
Short leasehold buildings	-	over the period of the lease
Plant and machinery	-	over 5 - 13 years
Fixtures, fittings, tools and equipment	-	over 3 - 10 years

Intangible fixed assets

Intangible fixed assets relate to the capitalisation of development costs on future products These are stated at cost, net of any amortisation and any provision for impairment Amortisation is provided when the product is launched in equal annual instalments over the estimated useful life of the assets and is calculated on the cost of the assets The rate of amortisation is as follows

Development costs	20% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value

Stocks

Stocks and work in progress are valued on a first in, first out basis at the lower of cost and net realisable value Cost includes materials, direct labour and an appropriate proportion of overhead expenses Provision is made for obsolete, slow moving and defective items

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity

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

Redeemable preference shares are included in the balance sheet as liabilities, in accordance with FRS 25

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Turnover

Turnover represents amounts invoiced to customers, less sales returns, exclusive of Value Added Tax Income is recognised on delivery of goods and services

Pension costs

The company has fully adopted Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17") in these financial statements The Group defined benefit pension scheme has an FRS 17 deficit of £2,610,000 at 31 December 2011 (2010 deficit of £1,069,000)

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The Group operates a multi-employer defined benefit pension scheme, the assets and liabilities of which are held independently from each company in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately on the face of the balance sheet

As it is not possible to identify the individual company's share of the underlying assets and liabilities of the scheme, it has been treated as a defined contribution scheme in the individual company accounts for the purposes of FRS 17 In the group accounts, full FRS 17 disclosures have been adopted

The group also has an insurance backed scheme in respect of the Dutch subsidiary, Plastic Coatings Europe BV This scheme is treated as a defined contribution scheme in the group financial statements For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year

From 1 February 2006, all active members transferred out of the defined benefit pension plan From this date, the company paid contributions to stakeholder pension plan on behalf of participating employees The company's contributions are charged to the profit and loss account Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1. **ACCOUNTING POLICIES (CONTINUED)**

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease Where the costs of meeting the lease obligations exceed the benefits expected to be received from utilisation of the leased equipment, the lease is considered onerous and a provision is made for any unavoidable costs arising under the lease arrangement

Foreign currencies

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date These translation differences are dealt with in the profit and loss account, except for those relating to capital funding which are taken directly to reserves

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate is taken directly to reserves

Research and development

Research costs are written off to the profit and loss account as incurred Costs of development are written off to the profit and loss account except in cases where they are related to projects in which the profitable outcome can be determined with reasonable certainty Where this is the case, they have been capitalised within intangible fixed assets and treated as detailed above

2 **TURNOVER**

The analysis by geographical area of the Group's turnover by destination is set out below

	2011 £'000	2010 £'000
United Kingdom	9,336	8,600
Other European countries	10,290	9,879
North America	1,195	1,110
Rest of the world	5,447	4,521
Total	26,268	24,110

The directors are of the opinion that the Group operates only one class of business

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

3 OPERATING PROFIT

	2011 £'000	2010 £'000
Operating profit is stated after charging/(crediting)		
Depreciation - owned assets	563	567
- leased assets	147	133
Amortisation - development costs	-	20
Auditor's remuneration (see below)	83	105
Operating leases - land and buildings	24	24
- other operating leases	311	407
Foreign exchange gains	(147)	(329)

The analysis of auditor's remuneration is as follows

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	12	11
Fees payable to the Company's auditor for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	46	49
Total audit fees	58	60
Other services pursuant to legislation		
- Tax services	17	25
- All other services	8	20
Total non-audit fees	25	45

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011 £'000	2010 £'000
Directors' remuneration		
Emoluments (excluding pension contributions)	486	465
Pension contributions	38	32
	524	497

	2011 No	2010 No
Number of directors who are members of the company's defined benefit scheme	3	3

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2011 No.	2010 No.
Average number of persons employed (including directors)		
Management	16	14
Administration	19	21
Production and sales	154	151
	189	186

	2011 £'000	2010 £'000
Staff costs during the year (including directors) were:		
Wages and salaries	5,426	5,060
Social security costs	571	516
Pension costs	260	270
	6,257	5,846

5. NET INTEREST PAYABLE

	2011 £'000	2010 £'000
Interest receivable and similar income		
Net interest income on pension scheme	115	26
Total interest receivable and similar income	115	26
Interest payable and similar charges		
Finance lease interest	(24)	(56)
On bank loans and overdrafts	(155)	(108)
	(179)	(164)
Net interest payable	(64)	(138)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Analysis of tax charge on ordinary activities		
Current tax		
United Kingdom corporation tax at 26 5% (2010 28%)	288	357
Adjustment in respect of prior years	(14)	(36)
Overseas taxation	(85)	-
Adjustment in respect of prior years	-	20
Total current tax charge	189	341
Deferred tax		
Deferred tax on pension	112	92
Timing differences, origination and reversal	130	7
Adjustment in respect of prior years		(18)
Change in Deferred Rate	(3)	-
Adjustment to Estimated Recoverable Amount	(9)	-
Total deferred tax charge	230	81
Tax charge on profit on ordinary activities	419	422

Factors affecting the tax charge for the current year:

The current tax assessed for the period is lower (2010 lower) than that resulting from applying the standard rate of corporation tax of 26 5% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	2,000	1,918
Tax at 26 5% (2010 28%) thereon	530	537
Factors affecting tax charge		
Expenses not deductible for tax purposes	11	30
R&D tax relief	(48)	(32)
Capital allowances in excess of depreciation	(109)	-
Movement in short term timing differences	-	(6)
FRS 17 pension adjustment	(112)	(92)
Rate Difference	(5)	1
Utilisation of tax losses	(65)	(59)
Marginal relief	-	(2)
Adjustments in respect of prior years	(13)	(36)
Current year tax charge	189	341

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Finance (No 2) Act 2011 provided for a reduction in the main rate of corporation tax from 26% to 25%, effective from 1 April 2012 The 2012 Budget has proposed reducing the main rate of corporation tax further to 24% effective from 1 April 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 and are expected to be enacted separately each year, For the year ended 31 December 2011, as the 1% reduction to 25% has been enacted, deferred tax has been recognised at 25%

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets This tax will become payable if the replacement assets are sold and further rollover relief is not obtained The estimated amount of tax that would become payable in these circumstances is £106,961 (PY £115,519)

7. PROFIT/(LOSS) OF PARENT COMPANY

As permitted by Section 480 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts The parent company's profit for the financial year attributable to shareholders amounted to a profit of £236,000 (2010 loss £5,501,000)

8. INTANGIBLE FIXED ASSETS

	Development costs £'000
Group	
Cost	
As at 1 January 2011 and 31 December 2011	258
Amortisation	
At 1 January 2011 and 31 December 2011	224
Net book value	
As at 31 December 2011 and 31 December 2010	34

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Group					
Cost					
As at 1 January 2011	1,339	1,866	11,367	1,319	15,891
Exchange rate adjustments	(8)	-	(122)	(8)	(138)
Additions	-	-	1,118	36	1,154
Disposals	-	-	(63)	-	(63)
As at 31 December 2011	1,331	1,866	12,300	1,347	16,844
Depreciation					
As at 1 January 2011	228	1,147	7,952	1,176	10,503
Exchange rate adjustments	(1)	-	(92)	(8)	(101)
Charge for the year	7	44	626	33	710
Disposals	-	-	(63)	-	(63)
As at 31 December 2011	234	1,191	8,423	1,201	11,049
Net book value					
As at 31 December 2011	1,097	675	3,877	146	5,795
As at 31 December 2010	1,111	719	3,415	143	5,388

Freehold land and buildings includes freehold land of £295,590 (2010 £297,242) Included within plant and machinery are assets held under finance leases with a net book value of £1,638,302 (2010 £1,149,379) Depreciation includes a £140,015 charge for the year in relation to the assets under finance lease for the year with an accumulated depreciation charge at 31 December of £1,063,524 (2010 £923,509)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

9. TANGIBLE FIXED ASSETS (CONTINUED)

	Fixtures, fittings, tools and equipment £'000
Company	
Cost	
As at 1 January 2011 and 31 December 2011	39
Depreciation	
As at 1 January 2011	37
Charge for the year	1
As at 31 December 2011	38
Net book value	
As at 31 December 2011	1
As at 31 December 2010	2

10. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Company			
Cost			
At 1 January 2011 and 31 December 2011	68,280	1,012	69,292
Provision for impairment			
At 1 January 2011 and 31 December 2011	(13,000)	-	(13,000)
Net book value			
At 31 December 2011 and 31 December 2010	55,280	1,012	56,292

The above investments are not listed

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

10. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Additional information on subsidiaries

The principal subsidiaries involved in the consolidation of the Group are

Company	Country of incorporation and operation	Activity	Proportion of ordinary shares held %
Plascoat International Limited	Great Britain	Former holding company for Group subsidiaries (non-trading)	100
Plascoat Holdings Limited	Great Britain	Holding company for foreign investments	100
Plascoat Systems Limited	Great Britain	Compounding, grinding and manufacture of plastic materials	100
Plastic Coatings Europe BV	Netherlands	Compounding, grinding and manufacture of plastic materials	100
Plastic Coatings Limited	Great Britain	Plastic coating of materials	100
United Moulders Limited	Great Britain	Plastic Moulding and Assembly	100

11. STOCKS

	2011 £'000	2010 £'000
Group		
Raw materials and consumables	1,181	891
Work in progress	21	9
Finished goods and goods for resale	882	882
	2,084	1,782

There is no material difference between the balance sheet value of stocks and their replacement cost

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

12. DEBTORS

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Trade debtors	4,141	3,544	-	-
Amounts owed by group undertakings	-	-	47	53
Corporation tax	31	140	-	-
Deferred tax asset	-	3	10	-
Other debtors	168	166	97	53
Prepayments and accrued income	81	50	67	30
	4,421	3,903	221	136

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank overdraft (see note 15)	284	900	-	-
Bank loans (see note 15)	273	231	219	175
Obligations under finance leases (see note 15)	153	147	-	-
Trade creditors	1,941	1,891	-	-
Amounts owed to subsidiary undertakings (see note 15)	-	-	6,821	5,673
Corporation tax	-	308	-	-
Other taxation and social security	325	234	15	13
Accruals and deferred income	1,231	1,047	300	325
	4,207	4,758	7,355	6,186

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank loans (see note 15)	1,815	2,064	875	1,050
Obligations under finance leases (see note 15)	718	294	-	-
Amounts owed to subsidiary undertakings (see note 15)	-	-	46,105	46,105
	2,533	2,358	46,980	47,155

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

15. BORROWINGS

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank overdraft	284	900	-	-
Bank loans	2,088	2,295	1,094	1,225
Obligations under finance leases	871	441	-	-
Amounts owed to subsidiary undertakings	-	-	52,926	51,778
	3,243	3,636	54,020	53,003
Due within one year or on demand	710	1,278	7,040	5,848
Due after more than one year	2,533	2,358	46,980	47,155
	3,243	3,636	54,020	53,003
Analysis of repayments:				
Within one year or on demand	710	1,278	7,040	5,848
Between one and two years	378	387	175	175
Between two and five years	1,258	1,272	525	525
After five years	897	699	46,280	46,455
	3,243	3,636	54,020	53,003

Amounts repayable by instalments, some of which fall due after five years

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank loans, finance leases, loans from subsidiary and redeemable preference shares				
Total amount	3,243	3,636	54,020	53,003
Instalments after five years	897	699	46,280	46,455

The bank loans and overdraft are secured by a fixed charge over the assets and undertakings of the Group Interest on the loans is currently charged at between 3% and 5% per annum Obligations under finance leases are secured on the assets to which they relate

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Onerous lease £'000	Deferred tax £'000	Total £'000
Group analysis of movements in provisions:			
At 1 January 2011	324	152	476
Charged/(credited) to the profit and loss account in the year	(165)	117	(48)
Foreign exchange differences		(1)	(1)
At 31 December 2011	159	268	427

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

16. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	2011 £'000	2010 £'000
Deferred taxation provided in the financial statements is as follows:		
Tax effect of timing differences because of		
Capital allowances in excess of depreciation	278	170
Short term timing differences	(4)	(18)
Losses	(6)	-
	268	152

17. SHARE CAPITAL

Group and company

Number	Called up, allotted and fully paid	2011 £'000	2010 £'000
28,000,000	Ordinary shares of £0 01 each	280	280
100	Preference shares of £1 each	-	-
981,030	Deferred shares of £1 each	981	981
		1,261	1,261

18. RESERVES

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account deficit £'000
Group			
As at 1 January 2011	82	10,385	(8,622)
Retained profit for the year	-	-	1,581
Exchange translation differences on net assets of overseas subsidiaries	-	-	(40)
Other recognised gains and losses relating to the year	-	-	(1,853)
At 31 December 2011	82	10,385	(8,934)

As a result of adopting FRS 10, the cumulative goodwill previously eliminated against a separate reserve has been deducted from the profit and loss account In the event of any future disposal of business segments, the goodwill attributable to that segment will be taken into account when calculating any profit or loss arising from the transaction The cumulative amount of goodwill eliminated directly against the profit and loss account as at 31 December 2011 was £11,845,000 (2010 £11,845,000)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

18. RESERVES (CONTINUED)

	2011 £'000	2010 £'000
Group pension asset		
Profit and loss deficit excluding pension asset	(6,324)	(7,553)
Amount relating to determined pension scheme liability net of related deferred tax	(2,610)	(1,069)
Profit and loss deficit	(8,934)	(8,622)

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account deficit £'000
Company			
At 1 January 2011	82	10,385	(8,580)
Retained profit for the year	-	-	236
At 31 December 2011	82	10,385	(8,344)

19. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2011, the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
Group	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Expiring within one year	-	-	159	15
Expiring between two and five years inclusive	-	-	164	337
Expiring after more than five years	24	24	-	5
	24	24	323	357

20 PENSION COSTS

Prior to 1 February 2006, the Group contributed to the Grosvenor Pension Fund in the UK providing benefits based on final pensionable pay From 1 February 2006, all active members transferred out of the scheme and the Company has resumed contributions to the scheme as a result of the recent triennial pension valuation The assets of the scheme are held separately from those of the group in a trustee administered fund

For FRS 17 purposes, a valuation that starts by recognising the scheme assets and liabilities, and subsequently recognises movements in the period that they arise, has been prepared by qualified independent actuaries as at 31 December 2011

The scheme actuary has calculated that a 0 5% reduction in the discount rate would result in the actuarial liabilities increasing by £1 4m

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

20. PENSION COSTS (CONTINUED)

The major assumptions used by the actuary were

	2011 %	2010 %	2009 %	2008 %
Discount rate	5 5	5 9	6 4	7 5
Rate of increases in salaries	-	-	-	-
Inflation assumption	2 75	3 3	3 5	2 5
Pension increases	3 0	3 0	3 0	3 0

The fair value of the assets of the scheme and the expected rate of return at the end of each financial year were

	Fair value at 31 Dec 2011 £'000	Expected rate of return at 31 Dec 2011 %	Fair value at 31 Dec 2010 £'000	Expected rate of return at 31 Dec 2010 %	Fair value at 31 Dec 2009 £'000	Expected rate of return at 31 Dec 2009 %	Fair value at 31 Dec 2008 £'000	Expected rate of return at 31 Dec 2008 %
Equities	13,033	8 0	13,188	8 0	13,053	8 0	9,318	7 0
Gilts	2,410	2 5	2,017	4 0	6,637	4 45	8,006	3 7
Corporate bonds	6,600	5 5	7,735	5 9	2,494	8 0	4,014	7 5
Cash	269	2 0	1,006	2 0	676	2 0	467	1 5
	22,312	6 59	23,946	6 73	22,860	6 62	21,806	5 7

	2011 £'000	2010 £'000
Analysis of the amount charged to operating profit:		
Current service cost of defined benefit schemes	-	-
Loss on settlements and curtailments	-	-
	-	-

	2011 £'000	2010 £'000
Analysis of the amount charged to net finance charges:		
Expected return on pension scheme assets	1,563	1,551
Interest on pension scheme liabilities	(1,448)	(1,525)
Net income	115	26

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

20. PENSION COSTS (CONTINUED)

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Amount recognised in the statement of total recognised gains and losses (STRGL)					
Difference between actual return less expected return on pension scheme assets	(1,763)	936	1,498	(4,494)	128
% of scheme assets	(7 9%)	3 9%	6 6%	(20 6%)	1%
Experience gains/(losses) arising on the scheme liabilities	(2)	-	190	(133)	(123)
% of scheme liabilities	(0 0%)	-	-	(0 6%)	(1%)
Effects of changes in assumptions underlying the present value of the scheme liabilities	(676)	(929)	(3,457)	2,984	1,785
% of scheme liabilities	2 6%	3 7%	10 0%	13 8%	7 1%
Total actuarial (losses) / gains recognised in STRGL	(2,441)	7	(1,769)	(1,643)	1,790

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Reconciliation of scheme assets and liabilities to the balance sheet					
Total market value of assets	22,312	23,946	22,860	21,806	27,314
Present value of scheme liabilities	(25,793)	(25,410)	(24,659)	(21,566)	(25,309)
(Deficit)/surplus in scheme	(3,481)	(1,464)	(1,799)	240	2,005
Related deferred tax asset/(liability)	871	395	504	(67)	(562)
Net pension (liability)/asset	(2,610)	(1,069)	(1,295)	173	1,443

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

20. PENSION COSTS (CONTINUED)

	2011 £'000	2010 £'000
Movement in (deficit)/surplus during the year:		
Surplus/(deficit) in scheme at beginning of the year	(1,464)	(1,799)
Contributions	309	302
Other finance income	115	26
Actuarial (loss) / gain in STRGL	(2,441)	7
Deficit in scheme at end of the year	(3,481)	(1,464)

	2011 £'000	2010 £'000
Movement in related deferred tax balances:		
Deferred tax at beginning of the year	395	504
Movement in year		
- Profit and loss account	(112)	(92)
- Statement of total recognised gains and losses	588	(17)
	871	395

In respect of the Dutch subsidiary, Plastic Coatings Europe BV, contributions of £171,828 (2010 £180,083) have been made in the year There were no outstanding contributions at the balance sheet date (2010 £nil)

21 CAPITAL COMMITMENTS

	2011 £'000	2010 £'000
Group		
Capital expenditure, approved and contracted	308	157

A corporate cross guarantee exists between International Process Technologies Limited, Plascoat UK Limited, Plascoat International Limited, Plascoat Holdings Limited, Plastic Coatings Limited, Plascoat Systems Limited and United Moulders Limited

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £'000	2010 £'000
Operating profit	2,064	2,056
Depreciation and amortisation	710	720
Increase in stocks	(302)	(128)
Increase in debtors	(630)	(381)
Increase in creditors	325	91
Decrease in provisions	(165)	-
Exchange rate adjustment	2	(103)
Adjustment for pension funding	(309)	(302)
Net cash inflow from operating activities	1,695	1,953

23. ANALYSIS OF CASH FLOWS

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Returns on investments and servicing of finance				
Interest received	-		-	
Finance lease interest paid	(24)		(56)	
Interest paid	(155)		(108)	
		(179)		(164)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(1,154)		(472)	
Proceeds from sale of fixed assets	-		18	
		(1,154)		(454)
Financing				
Finance leases	430		(208)	
Bank loans repayments	(207)		362	
Purchase of own shares	-		(2,402)	
		223		(2,248)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

24. ANALYSIS OF NET DEBT

	At 1 January 2011 £'000	Cash flow £'000	At 31 December 2011 £'000
Cash at bank	660	(423)	237
Overdraft	(900)	616	(284)
	(240)	193	(47)
Finance leases	(441)	(430)	(871)
Debt due within one year	(231)	(42)	(273)
Debt due after one year	(2,064)	249	(1,815)
	(2,736)	(223)	(2,959)
	(2,976)	(30)	(3,006)

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£'000
Increasae in cash in the year	193
Cash movement from increase in debt and lease financing	(223)
Movement in net debt in the year	(30)
Net debt at 1 January 2011	(2,976)
Net debt at 31 December 2011	(3,006)

26. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The Group has taken advantage of the exemption available under paragraph 3(c) of FRS 8 not to disclose any transactions or balances between Group companies which have been eliminated upon consolidation

The ultimate controlling party is the board of directors

International Process Technologies Limited is the largest and smallest group for which group financial statements are prepared Copies of the group financial statements of International Process Technologies Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ