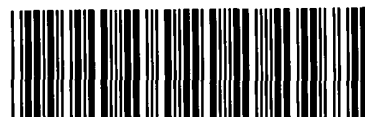


**MARLEY PLASTICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

WEDNESDAY



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COMPANIES HOUSE

Marley Plastics Limited  
2016 Financial Statements

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**COMPANY DETAILS**

Company registration number	03477956
Registered office	Dickley Lane Lenham Kent ME17 2DE
Auditor	KPMG LLP 1 Forest Gate Brighton Road Crawley West Sussex RH11 9PT

**STRATEGIC REPORT**

**Principal Activities, Review of Activities and Future Developments**

The principal activity of Marley Plastics Limited ("the company") is as an investment property and holding company.

Revenue from continuing operations was £1.9 million (2015: £1.9 million). Operating profits from continuing operations of £0.3 million were £1.8 million above the £1.5 million losses generated in 2015. Loss after taxation from continuing operations was £0.1 million (2015: loss £1.8 million).

**Cash flow**

The cash flow generated from operations in the year remained steady with a £1.9 million inflow (2015: inflow of £1.9 million). Cash and cash equivalents were £nil million (2015: £nil million) at the year end.

Net capital expenditure in the year was £nil million (2015: £0.4 million). This compares to depreciation of £1.0 million (2015: £0.8 million). Tax payments in the year were £0.2 million (2015: £0.1 million). No dividends were paid during the year (2015: £nil).

**Pensions**

We continue to monitor closely the financial health of our pension schemes. The company participates in defined benefit, defined contribution and group personal pension schemes, with the largest scheme being the defined benefit scheme. A formal actuarial valuation of the defined benefit scheme was prepared by the scheme actuary Willis Towers Watson as at 31 March, 2016. The assumptions used to calculate the liabilities and surplus reported in the financial statements are consistent with this valuation. On an IAS19 basis, the actuarial surplus was £1.0 million at 31 December 2016 (2015: £0.9 million surplus). At the end of 2016, the scheme liabilities of £7.3 million (2015: £5.5 million) were exceeded by scheme assets of £8.3 million (2015: £6.4 million). The cash contribution for current employees was £nil (2015: £nil). On 31 May 2011, the UK defined benefit pension scheme was closed to future benefit accrual.

**Risks and uncertainties**

This section highlights some of the particular risks which affect the company but it is not intended to be an extensive analysis of all risks which may arise in the ordinary course of business or otherwise. Some risks may be unknown to the company and other risks, currently regarded as immaterial, could turn out to be material.

There are a number of potential risks and uncertainties which could have a material impact on the company's long-term performance and achievement of its strategy. These risks and uncertainties arise as a result of operational, regulator, financial and market driven factors, among other things. The company takes a proactive approach to managing risk through risk management processes. These processes also help to identify business, product and performance opportunities. Although the company has been successful in managing and mitigating these risks in the past, there is no guarantee that it can continue to do so.

**External risks**

External risks include, but are not limited to the following:

Global, political and economic conditions

The company's significant assets are the land and buildings it owns and the risk of impairment if land values reduce or premises can not be rented out at economic levels and the possible risk of the impairment of its investments in group companies.

**Legislation and regulation**

The company is subject to varying laws and regulations around the world and operates in sectors that can be impacted by changes in the regulatory environment leading to product specification changes. Failure to comply with laws and regulations, including health and safety and environmental regulations, could impact performance and could damage the reputation of the company.

**Marley Plastics Limited**  
**2016 Financial Statements**

**Pension funding**

The company's defined benefit pension scheme forms a section within the wider Group's UK pension scheme and is financially relatively significant, as detailed in note 13 to the financial statements. The funding position of the scheme is likely to fluctuate year on year on account of changes in economic conditions, demographic experience and the investment performance of the scheme's assets. The potential risks and uncertainties are mitigated by careful management and continual monitoring of the schemes and by appropriate and timely action to ensure as far as possible that the company's defined benefit pension liabilities do not increase disproportionately.

Scheme assets are defensively invested with the current asset portfolio analysis being described in note 13. The company works closely with the scheme trustees and believes that a strong Corporate covenant is the best way to allow a systematic and measured approach to managing the inherent risk of such a scheme.

**Internal risks**

Internal risks include but are not limited to:

**Treasury risk and policy**

The company operates a central treasury which operates in accordance with a Treasury policy and procedures manual setting out guidelines for managing foreign exchange risk, interest rate risk, credit risk and the financial instruments to be used in managing these risks.

The objective of the treasury policy is to manage the company's financial risk. The treasury policy applied by the company and the specific guidelines to manage the main financial risks are outlined under the accounting policies.

**Liquidity risk**

The company's funding objective is to have sufficient long-term committed facilities, in addition to uncommitted facilities and finance agreements to meet its funding needs.

The company maintains relationships with several large financial institutions. Group treasury management spends significant amounts of time with its lenders keeping them informed of the company's development plan when appropriate to do so.

The wider Aliaxis group has significant committed facilities available to it and the company benefits from being able to call on group funds as required.

**Legal and other matters**

The company is committed to operating within the law in all applicable jurisdictions, and seeks to benefit from the rights and protections afforded by relevant laws. The company aims to anticipate and meet the changing requirements of the markets it serves, as legal and regulatory reforms impact those markets. There were no material legal, regulatory or compliance matters to be disclosed during the period under review and no significant post balance sheets events to be disclosed.

**Cautionary statement**

The intention of the business review is to provide information to shareholders and should not be relied upon by any other party or for any other purpose. The business review and other sections of this annual report contain certain forward-looking statements with respect to the operations, performance and financial condition of the company. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements which are made by the directors in good faith are based on the information available to them up to the date of their approval of the financial statements and the company undertakes no obligation to update these forward-looking statements. The forward-looking statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Nothing in this annual report should be construed as a profit forecast.



I C McNair  
Company Secretary

21 September 2017

**Marley Plastics Limited**  
**2016 Financial Statements**

**DIRECTORS' REPORT**

The directors present the financial statements for the year ended 31 December 2016. They are reported in accordance with International Financial Reporting Standards (IFRS).

**Directors**

The directors who held office throughout the year or period of appointment are as follows:

A J Bentley		
W H Davies		
K D Decuypere		Resigned 18 August 2016
G Eckert		Resigned 18 August 2016
F Gauthier-Lafaye	Appointed 18 August 2016	
M J Gisbourne		
P Guyot		Resigned 18 August 2016
S C James	Appointed 18 August 2016	
F C Midy		Resigned 18 August 2016
F E Thielen	Appointed 18 August 2016	

**Donations**

No political or charitable donations were made during the year (2015: Nil).

**Disclosure of information to the auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



I C McNair  
Company Secretary

21 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLEY PLASTICS LIMITED**

We have audited the financial statements of Marley Plastics Limited ("the company") for the year ended 31 December 2016 set out on pages 7 to 28. 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.

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 5, 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](http://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 company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

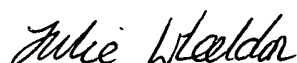
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **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.



Julie Wheeldon (Senior Statutory Auditor)  
for and on behalf of  
KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

22 September 2017

Marley Plastics Limited  
2016 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 31 December 2016

(£ '000s)

<u>Continuing operations</u>	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Revenue		1,889	1,890
Cost of sales		-	-
<b>Gross profit</b>		<b>1,889</b>	<b>1,890</b>
Administrative credit / (expense)	4	25	24
Other operating expense	5	(1,643)	(3,397)
<b>Operating profit / (loss)</b>	<b>6</b>	<b>271</b>	<b>(1,483)</b>
Income taxes	7	(356)	(362)
<b>(Loss) for the year</b>		<b>(85)</b>	<b>(1,845)</b>

STATEMENT OF OTHER COMPREHENSIVE INCOME  
For the year ended 31 December 2016

(Loss) for the year		(85)	(1,845)
Items that will not be transferred to profit or loss			
Actuarial changes in employee benefits			
- Employee benefit	13	39	(135)
- Deferred tax on employee benefit	14	(7)	24
<b>Total comprehensive (loss)</b>		<b>(53)</b>	<b>(1,956)</b>

The notes on pages 12 to 28 form a part of these financial statements.



**Marley Plastics Limited**  
**2016 Financial Statements**

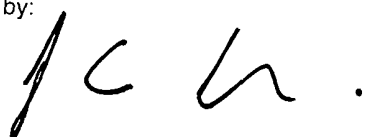
**STATEMENT OF FINANCIAL POSITION**

(£'000s)

As at 31 December	Notes	2016	2015
<b>Non current assets</b>		<b>42,745</b>	<b>42,761</b>
Property, plant & equipment	8	-	-
Investment properties	9	11,777	12,788
Investment in subsidiaries	10	29,474	28,469
Employee benefits	13	1,045	933
Deferred tax assets	14	449	571
<b>TOTAL ASSETS</b>		<b>42,745</b>	<b>42,761</b>
<b>Equity attributable to equity holders of the company</b>		<b>21,331</b>	<b>21,384</b>
Share capital	11	32,000	32,000
Retained earnings		(10,669)	(10,616)
<b>Total equity</b>		<b>21,331</b>	<b>21,384</b>
<b>Non-current liabilities</b>		<b>21,140</b>	<b>21,130</b>
Interest and non-interest bearing loans and borrowings	12	20,961	20,961
Deferred tax liabilities	14	179	169
<b>Current liabilities</b>		<b>274</b>	<b>247</b>
Other amounts payable	15	274	247
<b>Total liabilities</b>		<b>21,414</b>	<b>21,377</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>42,745</b>	<b>42,761</b>

The notes on pages 12 to 28 form a part of these financial statements.

These financial statements were approved by the board of directors on 21 September 2017 and signed on its behalf by:



S C James  
 Director  
 Marley Plastics Limited  
 Company Number: 03477956

**Marley Plastics Limited**  
**2016 Financial Statements**

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2016**

(£ '000s)

	Notes	2016	2015
<b>OPERATING ACTIVITIES</b>			
Profit / (loss) before income tax		271	(1,483)
Depreciation of investment property	9	1,011	817
Impairment loss on investments	5	632	2,580
<b>Cash flow from operating activities before changes in working capital and provisions</b>		<b>1,914</b>	<b>1,914</b>
Movement in pension asset / liability		(72)	(36)
<b>Cash flow generated from operations</b>		<b>1,842</b>	<b>1,878</b>
Income tax paid		(205)	(148)
<b>Cash flow from operating activities</b>		<b>1,637</b>	<b>1,730</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of investment property	9	-	(366)
Loans granted		(1,637)	(1,364)
<b>Cash flow from investing activities</b>		<b>(1,637)</b>	<b>(1,730)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds of borrowings		-	-
<b>Cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>

The notes on pages 12 to 28 form a part of these financial statements.

**Marley Plastics Limited**  
**2016 Financial Statements**

**STATEMENT OF CHANGES IN EQUITY**

(£ '000s)

**As at 31 December 2014**

Loss for the year

Other comprehensive loss

Total comprehensive loss

**As at 31 December 2015**

Loss for the year

Other comprehensive income

Total comprehensive income

**As at 31 December 2016**

ATTRIBUTABLE TO EQUITY HOLDERS OF MARLEY PLASTICS LIMITED		
Share capital	Retained earnings	Total
32,000	(8,660)	23,340
-	(1,845)	(1,845)
-	(111)	(111)
-	(1,956)	(1,956)
32,000	(10,616)	21,384
-	(85)	(85)
-	32	32
-	(53)	(53)
32,000	(10,669)	21,331

The notes on pages 12 to 28 form a part of these financial statements.

**Marley Plastics Limited**  
**2016 Financial Statements**

**Notes to the financial statements**

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**Notes to the financial statements**

**1 Company information**

Marley Plastics Limited ("the company") is a company incorporated in the UK. The address of the company's registered office is Dickley Lane, Lenham, Maidstone, Kent ME17 2DE. The financial statements of the company as at and for the year ended 31 December 2016 comprise solely those of the company. The company is exempt under s400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is included within the consolidated accounts of Aliaxis SA, a company incorporated in Belgium.

The financial statements were approved by the Board of Directors on 21 September 2017.

**2 Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union up to 31 December 2016. Having reviewed the forecasts, the directors are satisfied that the going concern basis is the appropriate basis upon which to prepare the financial statements.

**(b) Going Concern**

The directors, having considered all relevant risk factors, believe the company has adequate financial resource to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

**(c) Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through the profit or loss are measured at fair value.

**(d) Functional and presentation currency**

These financial statements are presented in pounds sterling, which is the company's functional currency. All financial information in pounds has been rounded to the nearest thousand, unless otherwise stated.

**(e) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 13 - measurement of defined benefit obligations.

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared as of and for the year ended 31 December 2016.

#### (a) Foreign currencies

##### Foreign currency transactions

Transactions in foreign currencies are translated to pounds sterling at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non monetary assets and liabilities denominated in foreign currencies that are carried at historical cost are translated at the reporting date at exchange rates at the dates of the transactions. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the reporting date at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

#### (b) Property, plant and equipment

##### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see note 3(e)).

Cost includes expenditures that are directly attributable to the acquisition of the asset; e.g. costs incurred to bring the asset to its working condition and location for its intended use, costs where relevant of dismantling and removing the asset and restoring the site on which that asset is located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where an asset meets the definition of a qualifying asset, the borrowing costs are capitalised, otherwise these are expensed.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

##### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

##### Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless there is certainty that the company will take ownership at the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

• Buildings:	
- Structure	40-50 years
- Roof and cladding	15-40 years
- Installations	15-20 years
• Furniture	10 years
• Office machinery	3-5 years
• IT & IS	3-5 years

Depreciation methods and useful lives, together with residual values if not insignificant, are reassessed at each reporting date.

**(c) Leased assets**

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset, as well as the lease liability, is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the company's balance sheet.

**(d) Investment properties**

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and impairment losses (see note 3(e)).

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the property consistent with the useful lives for property, plant and equipment (see note 3(b)).

**(e) Impairment**

**Non-financial assets**

The carrying amounts of the company's non-financial assets, other than deferred tax assets (see note 3(p)), are reviewed at each reporting date to determine whether there is any external or internal indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at least annually. Those assets were also tested for impairment at 1 January 2005, the date of transition to IFRS.

**(f) Investments in subsidiary undertakings**

**Recognition and measurement**

Investments in subsidiaries are measured at cost less impairment losses (see note 3(e)).

**(g) Amounts receivable**

Amounts receivable which comprise trade and other receivables are carried at amortised cost less impairment losses (see note 3(e)).

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits and are shown net of bank overdrafts where the company has right of set-off. Bank overdrafts are repayable on demand and form an integral part of the company's cash management.

**(i) Dividends**

Dividends are recognised as liabilities in the period in which they are declared.

**(j) Employee benefits**

**Post employment benefits**

The company participates in a UK-wide defined benefit plan, the Aliaxis UK Defined Benefit Pension Scheme, the assets of which are held in separate trustee-administered funds. The company also participates in a UK-wide defined contribution plan, the Aliaxis Group Personal Pension Plan. The pension plans are funded by payments from employees and the company.

- Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when they are due.

- Defined benefit plan

The company's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount 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 any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the company's obligations.

The calculation is performed annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of comprehensive income.

The actuarial gains and losses, arising from differences between estimates and actual experience, are recognised through the statement of other comprehensive income.

The defined benefit pension scheme was closed to future benefit accrual on 31 May 2011.

Short-term benefits and long term incentive plans

Short-term employee and long term incentive plan benefit and obligations such as bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term and long-term cash bonus 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.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation as a result of past events that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation, and is reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are determined by discounting the expected future cash flows at an appropriate pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. In addition, incremental costs (e.g. lawyer and expert fees) are included in the measurement of the provisions.

**(l) Amounts payable**

Amounts payable which comprise trade and other amounts payable are carried at amortised cost.



**(m) Derivative financial instruments**

At times, the company holds derivative financial instruments to hedge its exposure to foreign currency risks arising from investing activities. As a policy, the company does not engage in speculative transactions, and does therefore not hold or issue derivative financial instruments for trading purposes. However, derivatives are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

**Measurement**

The fair value of forward exchange contracts is based on their listed market price.

**(n) Revenue**

**Rental income**

Revenue from the rental of property is measured at the fair value of the consideration received or receivable. Revenue is recognised on an accrual basis, established upon the legal rental agreement, recovery of the consideration is probable.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

**(o) Finance income**

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in the statement of comprehensive income. Interest income is recognised as it accrues, using the effective interest method.

**(p) Finance expenses and lease payments**

**Finance expenses**

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except losses on receivables) and losses on hedging instruments that are recognised in the statement of comprehensive income. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

**Operating lease payments**

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as a reduction of the total lease expense, over the term of the lease. When an operating lease is terminated before the lease period is expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(q) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Contingencies**

Contingent liabilities are not recognised in the financial statements, except if they arise from a business combination. They are disclosed, when material, unless the possibility of a loss is remote. Contingent assets are not recognised in the financial statements but are disclosed, when material, if the inflow of economic benefits is probable.

**(s) Intra-group financial instruments**

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**(t) Events after the reporting date**

Events after the reporting date which provide additional information about the company's position as at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date which are non adjusting events are disclosed in the notes to the financial statements, when material.

**(u) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016, and have not been applied in preparing these consolidated financial statements. None of the new standards are expected to have a material impact on the accounts.

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**4 Profit for the year - is stated after charging : -**

(£ '000s)	2016	2015
Credit for defined benefit plans	25	24
<b>Administrative credit / (expense)</b>	<b>25</b>	<b>24</b>
Depreciation - investment properties	(1,011)	(817)

All costs relating to the statutory auditor are within the subsidiary company, DHM Plastics Limited.

**5 Other operating expense**

(£ '000s)	2016	2015
Operating costs of investment properties	(1,011)	(817)
Impairment of investments in subsidiary undertakings	(632)	(2,580)
<b>Other operating expense</b>	<b>(1,643)</b>	<b>(3,397)</b>

**6 Additional information on operating credit / (expense)**

(£ '000s)	2016	2015
Credit for defined benefit plans	25	24
<b>Personnel expenses</b>	<b>25</b>	<b>24</b>

There were no employees in the year (2015 nil)

Personnel expenses, depreciation, amortisation and impairment charges are included in the following line items of the statement of comprehensive income:

(£ '000s)	Personnel expenses	Depreciation and impairment of Property, plant & equipment and investment property
Administrative charges	25	-
Other operating expense	-	(1,011)
<b>Total</b>	<b>25</b>	<b>(1,011)</b>

The directors received no emoluments and are not members of the defined benefit pension scheme (2015: none).

## 7 Income taxes

Income taxes recognised in the statement of comprehensive income can be detailed as follows:

(£ '000s)	2016	2015
Current taxes for the year	(274)	(246)
Adjustments to current taxes in respect of prior periods	43	5
<b>Total current tax charge</b>	<b>(231)</b>	<b>(241)</b>
Origination and reversal of temporary differences	(125)	(121)
Adjustment to deferred taxes in respect of prior periods	-	-
<b>Total deferred tax expense</b>	<b>(125)</b>	<b>(121)</b>
<b>Income tax (expense) in the income statement</b>	<b>(356)</b>	<b>(362)</b>

The reconciliation of the effective tax rate with the standard tax rate can be summarised as follows:

(£ '000s)	2016	%	2015	%
Profit before tax	271		(1,483)	
Tax at UK corporation tax rate	(54)	20.0%	300	20.3%
Tax effect of:				
Non-deductible expenses	(219)	80.8%	(145)	(9.8)%
Investment impairment not deductible	(126)	46.5%	(522)	(35.2)%
Current tax adjustments in respect of prior periods	43	(15.9)%	5	0.3%
<b>Income tax (expense)</b>	<b>(356)</b>	<b>131.4%</b>	<b>(362)</b>	<b>(24.4)%</b>

## 8 Property, plant and equipment

(£ '000s)	2016	2015
	Furniture & IT	Furniture & IT
<u>Cost or deemed cost</u>		
As at 1 January and 31 December	3,379	3,379
<u>Depreciation and impairment losses</u>		
As at 1 January and 31 December	(3,379)	(3,379)
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>-</b>
<u>Of which:</u>		
Leased assets at 31 December	-	-

Management considers that residual values of depreciable plant, vehicles and equipment are insignificant. Leased assets are IT related. During the year no new leased assets were acquired (2015 £nil).

## 9 Investment property

(£ '000s)	2016	2015
	Land & buildings	Land & buildings
<u>Cost</u>		
As at 1 January	21,930	21,564
Movements during the year:		
Acquisitions	-	366
<b>As at 31 December</b>	<b>21,930</b>	<b>21,930</b>
<u>Depreciation and impairment losses</u>		
As at 1 January	(9,142)	(8,325)
Movements during the year:		
Charge for the year	(1,011)	(817)
<b>As at 31 December</b>	<b>(10,153)</b>	<b>(9,142)</b>
<b>Carrying amount at 31 December</b>	<b>11,777</b>	<b>12,788</b>

Part of the site is rented to two third party tenants:- (1) under a ten year lease arrangement dated 21 December 2007 and amended 26 March 2010 that allows for a tenant break in years seven, eight and nine, and (2) under a ten year lease arrangement dated 28 February 2013 that allows for a tenant break in year five.

The remainder of the site is rented to a subsidiary company under a 10 year lease arrangement dated 14 April 2010.

The investment property is subject to annual impairment reviews or more frequent reviews if there is evidence of impairment. The fair value is considered to be £12.1 million (2015 £13.6 million), based on an independent external valuation of the market value as at 31 December 2016. Therefore, no impairment was recognised in the year (2015: £nil).

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**10 Investments in subsidiary undertakings**

(£ '000s)	<u>Shares</u>			<u>Loans</u>			<u>Total</u>
	Cost	Provision	Net	Cost	Provision	Net	
<b>Non current assets</b>							
As at 1 January 2016	62,057	(39,782)	22,275	6,194	-	6,194	28,469
Movements during the year:							
Additions	-	-	-	1,637	-	1,637	1,637
Impairment	-	(632)	(632)	-	-	-	(632)
<b>As at 31 December 2016</b>	<b>62,057</b>	<b>(40,414)</b>	<b>21,643</b>	<b>7,831</b>	<b>-</b>	<b>7,831</b>	<b>29,474</b>

Investments in shares relate to the company's holding in the ordinary share capital in each of its direct subsidiary undertakings. The country of incorporation shown is also the country of operation.

		Holding	Country of incorporation
<b>Direct subsidiaries</b>			
Hunter Plastics Limited	Distributor of plastics products	100%	UK (1)
DHM Plastics Limited	Manufacturer & distributor of plastics products	100%	UK (1)
Marley Alutec Limited	Dormant company	100%	UK (1)
Marley Extrusions Limited	Dormant company	100%	UK (1)
Multikwik Limited	Dormant company	100%	UK (1)
LFAL Investments Limited	Holding company	100%	Dubai, UAE (2)
ABS Marketing Services DMCC *	Marketing company	100%	Dubai, UAE (2)

**Registered Office**

(1) Dickley Lane, Lenham, Kent, ME17 2DE

(2) Office 704, Indigo Tower, Jumeirah Lakes Towers, Dubai, UAE

\* denotes an investment held indirectly

**11 Equity**

**Share capital**

		<u>2016</u>	<u>2015</u>
Authorised share capital -shares of £1 each	Number	32,000,100	32,000,100
	Value £	32,000,100	32,000,100
The issued and fully paid ordinary shares -shares of £1 each	Number	32,000,002	32,000,002
	Value £	32,000,002	32,000,002

The holders of ordinary shares are entitled to receive dividends as declared and to one vote per share at shareholders' meetings of the company. The holders of the deferred shares have no right to receive dividends or to vote at shareholders' meetings of the company.

**Dividends**

There was no dividend in the year (2015: nil).

## 12 Interest and non-interest bearing loans and borrowings

(£ '000s)

**As at 31 December**

**2016**

**2015**

### Non-current

Intercompany borrowings-Non-interest bearing (note 20)

20,961

20,961

**Non-current non-interest bearing loans and borrowings**

**20,961**

**20,961**

The company has a multi currency credit facility of €180,000,000 from a fellow group company. Interest is charged using a fixed margin.

The company has unsecured loans from fellow group undertakings that are non-interest bearing and which have no fixed date for repayment.

### Terms and debt repayment schedule

(£ '000s)

	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Intercompany borrowings	20,961	-	-	-	20,961
<b>Total at 31 December 2016</b>	<b>20,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,961</b>

## 13 Employee benefits

The company participates in group retirement and medical care plans, termination plans and other long-term benefit plans.

In addition, certain directors participate in the Group share-based payment plans.

### **Defined contribution plan**

The company made no contributions to the defined contribution schemes in the year to 31 December 2016 (2015: £nil). Once the contributions have been paid, the company has no further payment obligation. The regular contribution expenses constitute an expense for the year in which they are due.

### **Defined benefit plan**

The company acts as a participating employer to the Aliaxis UK Defined Benefit Pension Scheme, a defined benefit contributory pension scheme, the constitution and governance of which are in conformity with the requirements of the Pensions Act 1985. The Scheme provides benefits based on final pensionable pay, with all assets being held in an independent and separately administered trustee fund. The funding of the Scheme is assessed in accordance with the advice of an independent and professionally qualified actuary. The Scheme is closed to new members. New employees were eligible to join a Defined Contribution scheme, the Aliaxis UK Defined Contribution Pension Scheme, until 31 July 2012. From this date, new members were entitled to join the Aliaxis Group Personal Pension Plan.

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The scheme was closed to future benefit accrual on 31 May 2011. The existing members were offered membership of the enhanced Defined Contribution scheme.

The company's net asset for the post-employment benefit plan comprises the following at 31 December:

(£ '000s)	2016	2015
Present value of funded obligations	(7,275)	(5,505)
Fair value of plan assets	8,320	6,438
<b>Total pension assets</b>	<b>1,045</b>	<b>933</b>
Liabilities	-	-
Assets	1,045	933
<b>Net asset at 31 December</b>	<b>1,045</b>	<b>933</b>

The movements in the net asset / (liability) for defined benefit obligations recognised in the statement of financial position at 31 December are as follows:

(£ '000s)	2016	2015
Net asset at 1 January	933	1,031
Employer contributions	48	13
Pension credit recognised in the statement of comprehensive income	25	24
Actuarial gains / (losses)	39	(135)
<b>Net asset at 31 December</b>	<b>1,045</b>	<b>933</b>

The changes in the present value of the defined benefit obligations are as follows:

(£ '000s)	2016	2015
Defined benefit obligation at 1 January	(5,505)	(5,892)
Interest cost	(207)	(210)
Actuarial (losses) / gains	(1,836)	99
Benefits paid	273	498
<b>Defined benefit obligation at 31 December</b>	<b>(7,275)</b>	<b>(5,505)</b>

The changes in the fair value of plan assets are as follows:

(£ '000s)	2016	2015
Fair value of plan assets at 1 January	6,438	6,923
Expected return	241	247
Actuarial gains / (losses)	1,875	(234)
Administration costs incurred	(10)	(14)
Contributions by employer	48	13
Benefits paid	(272)	(497)
<b>Fair value of plan assets at 31 December</b>	<b>8,320</b>	<b>6,438</b>



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	2016	2015
The actual return gain on plan assets	2,116	13

During 2016, the defined benefit obligation has increased due mainly to changes in the assumptions on the obligations. However, the fair value of plan assets has also increased. The funded position, i.e. the ratio of assets to the defined benefit obligation, has decreased slightly at 114% (2015: 117%).

The net defined benefit asset has increased during the year from £933,000 to £1,045,000.

The total employer contributions are £73,000 (2015: £37,000) comprising normal cash contributions of £48,000 (2015: £13,000) plus the pension credit of £25,000 (2015: £24,000) retained in the scheme.

The company expects to contribute £45,000 to its defined benefit plan in 2017.

The historical evolution of the present value of the defined benefit obligation, the fair value of plan assets, the unrecognised actuarial gains and losses, the unrecognised past service costs and the unrecognised assets is as follows:

(£ '000s)		
<b>At 31 December</b>	<b>2016</b>	<b>2015</b>
Present value of defined benefit obligations	(7,275)	(5,505)
Fair value of plan assets	8,320	6,438
Change in the actuarial gains /(losses) during the year of which:	39	(135)
* due to experience adjustments on obligations	(68)	7
* due to assumption adjustments on obligations	(1,768)	93

The credit recognised in the statement of comprehensive income with regard to defined benefit plans can be detailed as follows:

(£ '000s)	2016	2015
Interest cost	(207)	(210)
Expected return on plan assets	241	247
Past service cost	(10)	(14)
<b>Total</b>	<b>24</b>	<b>23</b>

The employee benefit credit is included in the following lines in the statement of comprehensive income.

(£ '000s)	2016	2015
Administrative charges	24	23
<b>Total</b>	<b>24</b>	<b>23</b>

The principal actuarial assumptions can be summarised as follows:

	2016	2015
Discount rate at 31 December	2.6%	3.8%
Expected return on assets at 31 December	3.1%	3.8%
Rate of salary increases	n/a	n/a
Pension increase rate	3.2%	2.9%

The discount rate is weighted by the defined benefit obligation. The discount rate is used to calculate a net interest cost based on the Scheme's surplus/deficit.

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A sensitivity analysis of the impact on the defined benefit obligation from changes to the main actuarial assumptions is shown below:

	<u>Impact on DBO</u>
Increase life expectancy by 1 year	+2.8%
Increase discount rate by 0.1%	-1.9%
Increase price inflation by 0.1%	+1.1%

Demographic assumptions are shown below:

	<u>Years</u>
Average life expectancy from age 65 years:	
- for a male, currently aged 65 years old	23.4
- for a female, currently aged 65 years old	24.4
- for a male, reaching age 65 in 20 years time	25.6
- for a female, reaching age 65 in 20 years time	26.7

The average remaining duration of the plan's liabilities is about 22 years.

On 1 December 2016 the Trustees purchased an insurance contract designed to match part of the defined benefit obligations. At 31 December the plan assets are broken down into the following categories according to the asset portfolios weighted by the amount of assets:

	<u>2016</u>	<u>2015</u>
Insurance contract	15%	-
Government bonds	40%	49%
Corporate bonds	18%	21%
Equity instruments	27%	30%
Cash	-	-
	<u>100%</u>	<u>100%</u>

#### 14 Deferred tax assets and liabilities

The change in deferred tax assets and liabilities is as follows:

(£'000s)	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
As at 1 January	571	706	(169)	(207)	402	499
Recognised in the income statement	(90)	(135)	(12)	14	(102)	(121)
Recognised directly in equity	-	-	(7)	24	(7)	24
Change of deferred tax rate	(32)	-	9	-	(23)	-
<b>As at 31 December</b>	<b>449</b>	<b>571</b>	<b>(179)</b>	<b>(169)</b>	<b>270</b>	<b>402</b>

Deferred tax assets and liabilities are attributable to the following items:

(£'000s)	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Property, plant and equipment	449	571	-	-	449	571
Post employment benefit	-	-	(179)	(169)	(179)	(169)
<b>Tax assets / (liabilities)</b>	<b>449</b>	<b>571</b>	<b>(179)</b>	<b>(169)</b>	<b>270</b>	<b>402</b>

A reduction in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) and a further reduction to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and a reduction to 17% (effective from 1 April 2020) was substantively enacted on 9 September 2016. The deferred tax net liability at 31 December 2016 has been calculated based on the rate of 17%.

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**15 Other amounts payable**

(£'000s)

As at 31 December

	<u>2016</u>	<u>2015</u>
Income taxes payable	274	247
<b>Amounts payable</b>	<b>274</b>	<b>247</b>

**16 Financial instruments**

Risks relating to market changes, credit worthiness, interest rates, exchange rates and liquidity arise in the company's normal course of business. However the most significant financial exposure for the company relates to the fluctuation in currency exchange rates.

The company addresses these risks and defines strategies to limit their economic impact on its performance in accordance with its financial risk management policy.

The fair value of the financial instruments is materially the same as the amortised cost at which the financial instruments are carried in the financial statements.

**Liquidity Risk**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	<b>2016</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>Under 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
Unsecured intercompany loan		20,961	20,961	-	-	20,961
Other amounts payable		274	274	274	-	-
		<b>21,235</b>	<b>21,235</b>	<b>274</b>	<b>-</b>	<b>20,961</b>

	<b>2015</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>Under 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
Unsecured intercompany loan		20,961	20,961	-	-	20,961
Other amounts payable		247	247	247	-	-
		<b>21,208</b>	<b>21,208</b>	<b>247</b>	<b>-</b>	<b>20,961</b>

**Foreign currency risk**

All the company transactions during the year and the financial exposure at the beginning and end of the year were in GBP. As a member of a UK cash pooling arrangement, the company benefits from centrally managed interest rates.

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**17 Operating lease commitments**

The company had no operating lease commitments at the end of the year (2015: none).

**18 Capital Commitments**

The company had no capital commitments at the end of the year (2015: £nil).

**19 Contingencies**

Contingencies relate to the cross guarantees given in respect of fellow UK group subsidiaries' bank accounts. This is detailed in note 20.

**20 Related Parties**

(£'000s)

Transactions with DHM Plastics Ltd, a subsidiary company

	2016	2015
Non-current inter-company loan receivable / (payable) at 1 January	6,194	4,830
Property rental	1,284	1,284
Other	353	80
<b>Non-current inter-company receivable at 31 December</b>	<b>7,831</b>	<b>6,194</b>

Transactions with Aliaxis Holdings UK Ltd, a fellow Group company:

	2016	2015
Non-current inter-company loan payable at 1 January	(20,935)	(20,935)
Other items	-	-
<b>Non-current inter-company payable at 31 December</b>	<b>(20,935)</b>	<b>(20,935)</b>

Non-current inter-company loan payable to Marley Extrusions Ltd.

	2016	2015
<b>1 January and 31 December</b>	<b>(26)</b>	<b>(26)</b>

**Contingent Liabilities**

(£'000s)

The company has guaranteed the following borrowings of fellow group undertakings:

	2016	2015
Aliaxis Holdings UK Limited	8	110
DHM Plastics Limited	7	304
<b>Total guarantees</b>	<b>15</b>	<b>414</b>

The guarantees relate to current account cross guarantees with National Westminster Bank plc.

**21 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company's ultimate parent undertaking is Aliaxis SA, a company incorporated in Belgium. The company's immediate parent undertaking is Aliaxis Holdings UK Limited, a company incorporated in England.

The largest and smallest group in which the results of the company are consolidated is headed by Aliaxis SA, a company incorporated in Belgium. The accounts of Aliaxis SA are available to the public and may be obtained from Avenue Arnaud Fraiteur 15-23, 1050 Ixelles, Belgium.