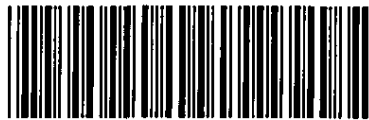


**Kemlite Limited**

**Report and Financial Statements**

**For the year ended 31 December 2006**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2006**

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**REPORT AND FINANCIAL STATEMENTS 2006**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D J Pickett  
E C Fast  
D L Colbert  
A P Standen

**SECRETARY**

A P Standen

**REGISTERED OFFICE**

25 Caker Stream Road  
Alton  
Hampshire  
GU34 2QF

**BANKERS**

Natwest Bank plc  
Carlyle House  
Carlyle Road  
Cambridge  
CB4 3DH

**SOLICITORS**

Dutton Gregory  
Trussell House  
23 St Peters Street  
Winchester  
SO23 8BT

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Southampton  
United Kingdom

## **DIRECTORS' REPORT (CONTINUED)**

The directors present their report and the audited financial statements for the year ended 31 December 2006

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the manufacture of plastic laminates

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

Turnover for the year was £5.3m (2005 £7.8m) giving rise to a loss after tax of £0.6m (2005 loss £3k). The decrease in profits is due to increased reject costs and raw material prices, particularly oil prices in comparison to 2005, combined with the loss of 2 significant customers. These are the principal risks and uncertainties facing the business, together with a heightened focus by customers on quality and cost. The company undertakes an active programme of continuous development and improvement driven by the Operational Excellence programme that encompasses lean manufacturing and improving customer satisfaction. As part of this strategy the company is improving its manufacturing quality on a lower cost base in order to regain market share in 2007.

### **DIVIDENDS**

The directors do not recommend the payment of any dividend for the year (2005 £nil)

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the board is set out on page 1. The directors who served during the year are set out below. Except as highlighted, all directors served throughout the year.

#### **Directors**

David John Pickett (resigned 3 March 2006)

Eric Carson Fast

Daniel L Colbert (resigned 15 September 2006)

Andrew P Standen (appointed 24 March 2006)

#### **Secretary**

David John Pickett (resigned 3 March 2006)

Andrew P Standen (appointed 24 March 2006)

The directors of the company did not have any interest in the shares of the company during the year. The interest of E C Fast who is a director of the ultimate parent company Crane Co Inc is disclosed in that company's financial statements. D L Colbert, A P Standen and D J Pickett did not have any interest in the shares of any other group company during the year.

### **AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**DIRECTORS' REPORT (CONTINUED)**

**AUDITORS (CONTINUED)**

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution for the re-appointment of Deloitte & Touche LLP as auditors will be proposed at the forthcoming Annual General Meeting

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



Andrew Standen  
Director  
15 February 2008

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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). The financial statements are required by law to 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 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEMLITE LIMITED**

We have audited the financial statements of Kemlite Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Southampton, United Kingdom  
18 February 2008

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2006**

	Note	2006 £'000	2005 £'000 As restated
<b>TURNOVER: continuing operations</b>	2	5,345	7,776
Cost of sales		<u>(4,783)</u>	<u>(6,291)</u>
<b>Gross profit</b>		562	1,485
Distribution costs		(386)	(390)
Administrative expenses		<u>(824)</u>	<u>(1,065)</u>
<b>OPERATING (LOSS)/PROFIT: continuing operations</b>	3	(648)	30
Interest payable and similar charges	5	-	(3)
Interest receivable and similar income	6	<u>1</u>	<u>-</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(647)	27
Tax credit/(charge) on (loss)/profit on ordinary activities	7	<u>17</u>	<u>(30)</u>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	15	<u><u>(630)</u></u>	<u><u>(3)</u></u>

There have been no recognised gains and losses attributable to the shareholders other than the retained loss shown above (2005 loss) and, accordingly, no statement of total recognised gains and losses nor reconciliation of movements in shareholders funds is presented

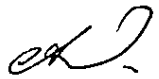


**BALANCE SHEET**  
**31 December 2006**

	Note	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>			
Intangible assets	8	1,618	1,733
Tangible assets	9	596	604
		<u>2,214</u>	<u>2,337</u>
<b>CURRENT ASSETS</b>			
Stocks	10	525	747
Debtors	11	1,309	2,106
Cash at bank and in hand		133	91
		<u>1,967</u>	<u>2,944</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(581)</u>	<u>(1,034)</u>
<b>NET CURRENT ASSETS</b>		<u>1,386</u>	<u>1,910</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,600</u>	<u>4,247</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(203)</u>	<u>(220)</u>
<b>NET ASSETS</b>		<u>3,397</u>	<u>4,027</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Share premium account	15	3,834	3,834
Profit and loss account	15	(437)	193
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>3,397</u>	<u>4,027</u>

These financial statements were approved by the Board of Directors on 15 February 2008

Signed on behalf of the Board of Directors

  
 Andrew Standen  
 Director

## NOTES TO THE ACCOUNTS

### For the year ended 31 December 2006

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Goodwill and intangible fixed assets

Purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life, up to a maximum of 20 years with a full year's amortisation charge in the first year. The directors regard 20 years as a maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Patent costs are valued at cost on acquisition and are amortised in equal annual amounts over their estimated useful economic lives (20 years).

##### Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation and provision for any impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold buildings	4% per annum
Plant and equipment	10% per annum

##### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

##### Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

##### Foreign exchange

Transactions 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.

##### Deferred taxation

Current tax, including UK Corporation 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 taxation is provided in full on timing differences that 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 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.

##### Pensions

The company operates a defined contribution pension scheme. The pension cost represents contributions payable by the company during the year, which are charged to the profit and loss account as incurred.

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2006**

**1. ACCOUNTING POLICIES (continued)**

**Comparative Information**

During the year, the company has revised the way in which expenditure is allocated between distribution costs and administrative expenses in order to provide a more appropriate and meaningful analysis of its operations. Prior year comparative figures have been reallocated on the same basis to provide consistency within these accounts. As a result, 2005 distribution costs have increased by £45,302 and administrative expenses have decreased by £45,302.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services within one class of business which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. Income is recognised as goods are despatched, this is when title passes.

	2006 £'000	2005 £'000
By geographical destination		
United Kingdom and the Republic of Ireland	3,661	5,831
Continental Europe	1,493	1,828
Other	191	117
	<u>5,345</u>	<u>7,776</u>

**3. OPERATING (LOSS)/PROFIT**

	2006 £'000	2005 £'000
<b>Operating (loss)/profit is stated after charging/(crediting):</b>		
Depreciation of owned assets	115	118
Amortisation	115	115
Rentals under operating leases		
Land and buildings	170	150
Hire of plant and machinery	4	4
Other operating leases	23	18
Fees payable to the company's auditors for the audit of the company's annual accounts	21	18
Foreign exchange (gain)/loss	(4)	3
	<u></u>	<u></u>

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2006 £'000	2005 £'000
<b>Directors' remuneration</b>		
Fees	62	73
Pension contributions	7	8
	<u>69</u>	<u>81</u>
	<u></u>	<u></u>
	No.	No.
Number of directors who are members of defined contribution pension scheme	<u>1</u>	<u>1</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2006**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

Average number of persons employed (including directors)	No.	No
Production	18	21
Administration	18	21
	<u>36</u>	<u>42</u>

<b>2006</b>	<b>2005</b>
<b>£'000</b>	<b>£'000</b>

<b>Staff costs during the year (including directors)</b>		
Wages and salaries	1,030	1,196
Social security costs	87	128
Pension costs	29	46
	<u>1,146</u>	<u>1,370</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

<b>2006</b>	<b>2005</b>
<b>£'000</b>	<b>£'000</b>

Intercompany loan interest	-	3
	<u>-</u>	<u>3</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

<b>2006</b>	<b>2005</b>
<b>£'000</b>	<b>£'000</b>

Interest received	1	-
	<u>1</u>	<u>-</u>

**7. TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

<b>2006</b>	<b>2005</b>
<b>£'000</b>	<b>£'000</b>

**Current taxation**

UK corporation tax charge for the year	-	34
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**Deferred taxation**

Origination and reversal of timing differences (see note 13)	(17)	(4)
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Tax (credit)/charge on profit on ordinary activities	<u>(17)</u>	<u>30</u>
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**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2006**

**7. TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)**

The tax assessed for the year is lower (2005 higher) than that resulting from applying the standard 30% rate of corporation tax in the UK (2005 30%). The differences are explained below

(Loss)/profit before tax	(647)	27
	<u>          </u>	<u>          </u>
	%	%
Standard rate tax on (loss)/profit before tax	30	30
Less effect of		
Disallowable expenses	-	8
Amortisation	(3)	72
Depreciation in excess of capital allowances	-	(22)
Temporary timing differences	(3)	39
Group relief surrendered	(24)	-
	<u>          </u>	<u>          </u>
Current tax (credit)/charge for year	-	127
	<u>          </u>	<u>          </u>

**8. INTANGIBLE FIXED ASSETS**

	<b>Patents £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2006 and 31 December 2006	<u>975</u>	<u>1,323</u>	<u>2,298</u>
<b>Accumulated amortisation</b>			
At 1 January 2006	240	325	565
Charge for the year	<u>49</u>	<u>66</u>	<u>115</u>
At 31 December 2006	<u>289</u>	<u>391</u>	<u>680</u>
<b>Net book value</b>			
At 31 December 2006	<u>686</u>	<u>932</u>	<u>1,618</u>
At 31 December 2005	<u>735</u>	<u>998</u>	<u>1,733</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2006**

**9. TANGIBLE FIXED ASSETS**

	<b>Leasehold buildings £'000</b>	<b>Plant and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2006	10	1,130	1,140
Additions	-	107	106
Disposals	-	(5)	(5)
At 31 December 2006	10	1,232	1,242
<b>Accumulated depreciation</b>			
At 1 January 2006	10	526	536
Charge for the year	-	115	115
Disposals	-	(5)	(5)
At 31 December 2006	10	636	646
<b>Net book value</b>			
At 31 December 2006	-	596	596
At 31 December 2005	-	604	604

**10. STOCKS**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Raw materials	340	423
Finished goods and goods for resale	185	324
	<u>525</u>	<u>747</u>

**11. DEBTORS**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Trade debtors	1,125	1,856
Amounts owed by group undertakings	123	180
Prepayments	61	64
Corporation tax recoverable	-	6
	<u>1,309</u>	<u>2,106</u>

All amounts are due within one year

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2006**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdrafts	-	71
Trade creditors	501	806
Amounts owed to group undertakings	7	-
Other taxes and social security	38	42
Accruals and deferred income	27	73
Other creditors	8	42
	<u>581</u>	<u>1,034</u>

Amounts owed to group undertakings are due within one year or on demand and are interest free

**13. DEFERRED TAXATION**

<b>Deferred taxation movement for the year</b>	<b>£'000</b>
Balance as at 1 January 2006	220
Credited to profit and loss account (see note 7)	(17)
	<u>203</u>
Balance at 31 December 2006	
<b>Deferred taxation is analysed as follows</b>	<b>2006</b>
	<b>£'000</b>
Capital allowances in advance of depreciation	235
Other timing differences	(32)
	<u>203</u>
	<u>220</u>

**14. SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2006**

**15. RESERVES**

	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2006	3,834	193	4,027
Loss for the year	-	(630)	(630)
Balance at 31 December 2006	<u>3,834</u>	<u>(437)</u>	<u>3,397</u>

**16. FINANCIAL COMMITMENTS**

At 31 December 2006 the company was committed to making the following annual payments during the next year in respect of operating leases

	2006 Land and buildings £'000	2006 Other £'000	2005 Land and buildings £'000	2005 Other £'000
Leases which expire				
Within one year	-	4	-	8
Within two to five years	<u>157</u>	<u>10</u>	<u>157</u>	<u>23</u>

**17. PENSION SCHEME**

The company operates a defined contribution pension scheme for all employees and contributions are charged to the profit and loss account as they arise. The contributions paid in the year amounted to £29,000 (2005 £46,000). There were no outstanding contributions payable at the year end (2005 £nil).

**18. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption contained within FRS 8 not to disclose transactions with group companies as it is a 100% subsidiary of Crane Inc, whose consolidated accounts are publicly available.

**19. CASH FLOW STATEMENT**

The company has taken advantage of the exemption contained with FRS 1 not to prepare a cash flow as it is a 100% subsidiary of Crane Inc, whose consolidated financial statements are publicly available.

**20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent company and controlling party, which heads the smallest and largest group for which consolidated accounts are produced, is Crane Co Inc, which is incorporated in the USA. Copies of the consolidated financial statements of the ultimate parent company can be obtained from Crane Co, Executive offices, 100 First Stamford Place, Stamford, Connecticut, CT 06902, USA.