

## **Spectron Group Limited**

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Report and Financial Statements

Year ended 31 December 2011

Registered number 04195718

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## **Spectron Group Limited**

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## **Spectron Group Limited**

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### **Company Information**

#### **Country of incorporation**

United Kingdom

#### **Legal form**

Private limited company

#### **Directors**

G S Bennett

P V McKee

M A Scarlett

S H Sparke

#### **Secretary and registered office**

N R Edwards

155 Bishopsgate, London EC2M 3TQ

#### **Company number**

04195718

#### **Auditors**

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

#### **Bankers**

Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh, EH2 2YB

## **Spectron Group Limited**

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### **Directors' Report**

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

#### **Background, operating review and future development**

The principal activity of the Company continued to be the principal holding company for entities within the former Spectron Group

The directors expect that the general level of activity to continue in the future

During the year the Company was acquired by Marex Spectron Group Limited. This has resulted in the following key reporting changes for the Company

- A change in functional currency from GBP to USD, and
- A change in its financial reporting framework from United Kingdom Generally Accepted Accounting Principles (UK GAAP) to International Financial Reporting Standards (IFRS)

#### **Dividends**

The directors do not recommend the payment of a dividend (2010 - \$11,581,076)

#### **Directors**

The following directors have held office during the year

G S Bennett	
P V McKee	
S F Davidson	(resigned 23 March 2011)
C Due	(resigned 13 May 2011)
G S Gravir	(resigned 13 May 2011)
G Olsen	(resigned 13 May 2011)
M A Scarlett	(appointed 1 June 2011)
S H Sparke	(appointed 1 June 2011)

#### **Going concern**

After reviewing the Company's annual budget, liquidity requirements, plans and financial arrangements, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and confirm that the Company is a going concern. For this reason they continue to adopt the going concern basis in preparing these financial statements

#### **Indemnity of Directors**

Each director is indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition to this the directors are covered by an insurance policy

#### **Charitable and political contributions**

No charitable donations were made during the year (2010 - \$nil). No contributions were made for political purposes (2010 - \$nil)

**Directors' Report (continued)**

**Principal risks and uncertainties**

The Company is not exposed to any material risks, due to the limited size and scope of its balance sheet and its lack of trading activity. The directors constantly monitor any potential sources of risk for the Company and mitigate these accordingly in line with the larger group's policies and procedures.

**Auditors**

During the year, KPMG Audit plc resigned as auditors and Ernst & Young LLP were appointed under section 487 of the Companies Act 2006

**Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union ("IFRS")

Under Company law the directors must not approve the financial statements unless they are satisfied that they fairly present the financial position, financial performance and cashflows of the Company for that year

In preparing the financial statements, the directors are required to

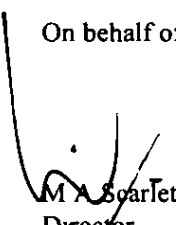
- select suitable accounting policies in accordance with International Accounting Standard ("IAS") 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

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 to 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

**Directors' statement as to disclosure of information to auditor**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware

On behalf of the board

  
M A Scarlett  
Director  
21 June 2012

**Auditors' Report**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECTRON GROUP LIMITED**

We have audited the financial statements of Spectron Group Limited for the year ended 31 December 2011 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 directors' 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 Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 period for which the financial statements are prepared is consistent with the financial statements.

**Auditors' Report (continued)**

**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

*Ernst & Young LLP*

Andrew Woosey (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London

*22.6.12*

## Spectron Group Limited

### Income Statement

For the year ended 31 December 2011

	Note	Year ended 31 Dec 2011 \$	Year ended 31 Dec 2010 \$
Dividends received		-	11,218,203
Foreign exchange revaluation (loss) / gain		(643)	8
Finance loss (net)		<u>(5,265)</u>	<u>(2,375)</u>
<b>(Loss) / profit before tax</b>		(5,908)	11,215,836
Taxation	4	<u>1,550</u>	<u>(2,438)</u>
<b>(Loss) / profit for the year</b>		<u>(4,358)</u>	<u>11,213,398</u>

All results from the previous and current years are from continuing operations

The notes on pages 11 to 16 form part of these financial statements



**Spectron Group Limited**

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**Statement of Comprehensive Income  
For the year ended 31 December 2011**

	<b>Year ended 31 Dec 2011 \$</b>	<b>Year ended 31 Dec 2010 \$</b>
<b>(Loss) / profit for the year</b>	<b>(4,358)</b>	<b>11,213,398</b>
FX translation	931	(12,165)
	<hr/>	<hr/>
<b>Total comprehensive (loss) / income</b>	<b>(3,427)</b>	<b>11,201,233</b>

The notes on pages 11 to 16 form part of these financial statements

**Spectron Group Limited**

**Statement of Changes in Equity**  
**For the year ended 31 December 2011**

	<b>Share Capital</b>	<b>Capital redemption reserve</b>	<b>Retained earnings</b>	<b>FX translation reserve</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>At 1 January 2010</b>	125,680	21,859	111,892	137,326	396,757
Profit for the year	-	-	11,213,398	-	11,213,398
Dividends paid	-	-	(11,581,076)	-	(11,581,076)
FX translation	-	-	-	(12,165)	(12,165)
<b>At 1 January 2011</b>	<b>125,680</b>	<b>21,859</b>	<b>(255,786)</b>	<b>125,161</b>	<b>16,914</b>
Impact of change in functional currency	-	-	125,161	(125,161)	-
Redenomination of share capital on 17 Aug 2011	7,259	-	(7,259)	-	-
Loss for the year	-	-	(4,358)	-	(4,358)
FX translation	-	1,185	(254)	-	931
<b>At 31 December 2011</b>	<b>132,939</b>	<b>23,044</b>	<b>(142,496)</b>	<b>-</b>	<b>13,487</b>

**Statement of Financial Position**  
**For the year ended 31 December 2011**

	Note	31 Dec 2011 \$	31 Dec 2011 \$	31 Dec 2010 \$	31 Dec 2010 \$
<b>Assets</b>					
<b>Non-current assets</b>					
Investments	5	4,783		4,524	
<b>Total non-current assets</b>			4,783		4,524
<b>Current assets</b>					
Corporation tax asset		1,492		-	
Cash and cash equivalents		9,664		14,853	
<b>Total current assets</b>			11,156		14,853
<b>Total assets</b>			<u>15,939</u>		<u>19,377</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	6	2,452		2,463	
<b>Total current liabilities</b>			2,452		2,463
<b>Total liabilities</b>			<u>2,452</u>		<u>2,463</u>
<b>TOTAL NET ASSETS</b>			<u>13,487</u>		<u>16,914</u>
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	7		132,939		125,680
Capital redemption reserve	8		23,044		21,859
Retained earnings	8		(142,496)		(255,786)
FX translation reserve	8		-		125,161
<b>TOTAL EQUITY</b>			<u>13,487</u>		<u>16,914</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors on 21 June 2012 and were signed on its behalf by

  
M A Scarlett  
Director

The notes on pages 11 to 16 form part of these financial statements

**Spectron Group Limited**

**Statement of Cash Flow**  
**For the year ended 31 December 2011**

	Year ended 31 Dec 2011 \$	Year ended 31 Dec 2011 \$	Year ended 31 Dec 2010 \$	Year ended 31 Dec 2010 \$
<b>Operating activities</b>				
Net operating (loss) / profit from ordinary activities before tax	(5,908)		11,215,836	
<b>Operating cash flows before changes in working capital</b>		(5,908)		11,215,836
Foreign currency translation	731		(20,208)	
Increase in trade and other payables	(12)		1,544	
		719		(18,664)
<b>Cash flow from operating activities</b>		(5,189)		11,197,172
Corporation tax paid		-		-
<b>Net cash flow from operating activities</b>		(5,189)		11,197,172
<b>Net cash flows from investing activities</b>		-		-
<b>Financing activities</b>				
Dividends paid		-		(11,581,076)
<b>Net cash flows from financing activities</b>		-		(11,581,076)
<b>Net increase in cash and cash equivalents</b>		(5,189)		(383,904)
Cash and cash equivalents				
As at 1 January		14,853		398,757
<b>As at 31 December</b>		<b>9,664</b>		<b>14,853</b>

The notes on pages 11 to 16 form part of these financial statements

**Notes to the Financial Statements  
For the year ended 31 December 2011**

**1 Accounting policies**

***Basis of preparation***

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied during the year presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The Company is exempt from preparing consolidated financial statements in accordance with IAS 27, as the Group is consolidated at a higher level.

***Finance expense (net)***

Finance income is earned on balances held at banks. Finance expenses are paid on overdrawn bank balances. Finance income and expenses are recognised on an amortised cost basis using effective interest rates.

***Foreign currency translation***

The financial statements are presented in USD, which is the functional currency of the Company.

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

These financial statements are presented in USD, however the functional currency did not change from GBP to USD until May 2011. Therefore, the presentation of the Company's results in USD for the period before the functional currency change has given rise to foreign currency translation differences. These are recognised in the appropriate period within the foreign currency translation reserve. The balance of this reserve is transferred to retained earnings upon the functional currency change to USD.

***Taxation***

UK corporation tax is provided at amounts expected to be paid/ recovered using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

***Deferred taxation***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill,
- goodwill for which amortisation is not tax deductible,
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

**Notes to the Financial Statements**  
**For the year ended 31 December 2011**

**1 Accounting policies (continued)**

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority

***Cash and cash equivalents***

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

***Investments***

Interests in subsidiaries are accounted for at cost less impairment.

***Trade payables and trade receivables***

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

***Provisions***

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

***Critical accounting estimates and judgements***

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. No estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year exist.

***Standards and Interpretations issued by the IASB and endorsed by the EU***

At 31 December 2011, the following amendments to standards and interpretations, effective for these financial statements, were issued by the IASB but not endorsed by the EU.

	Effective date for periods beginning on or after
Amendments to IAS 12 'Income Taxes' on deferred tax	1 January 2012
Amendment to IAS 1 'Financial Statement Presentation' regarding other comprehensive income	1 July 2012
Amendment to IAS 19 'Employee benefits'	1 January 2013
IFRS 9 'Financial Instruments'	1 January 2015
IFRS 12 'Disclosures of interests in other entities'	1 January 2012
IFRS 13 'Fair Value Measurement'	1 January 2013

## Spectron Group Limited

### Notes to the Financial Statements For the year ended 31 December 2011

#### 2 Operating profit

Audit fees for the Company are borne by a subsidiary

The Company employed no staff during the year (2010 nil)

#### 3 Directors' remuneration

All directors' remuneration was borne by Spectron Services Limited and Marex Financial Limited, fellow subsidiaries of Marex Spectron Group Limited

#### 4 Taxation

##### 4 (a) Tax (credit) / expense

	Year ended 31 Dec 2011	Year ended 31 Dec 2010
	\$	\$
<i>Current tax (credit) / charge</i>		
UK Corporation tax	(1,550)	(663)
Adjustment for prior year	-	3,101
<b>Total</b>	<b>(1,550)</b>	<b>2,438</b>

##### 4 (b) Reconciliation of the total tax (credit) / charge

The reasons for the difference between the actual tax (credit) / charge for the year ended 31 December 2011 and the standard rate of corporation tax in the UK applied to losses / profits for the year are as follows

	Year ended 31 Dec 2011	Year ended 31 Dec 2010
	\$	\$
(Loss) / profit before tax	(5,908)	11,215,836
Expected tax (credit) / charge based on the effective rate of corporation tax in the UK of 26.5% (2010 28%)	(1,566)	3,140,434
Income not taxable for tax purposes	-	(3,141,097)
Expenses not deductible for tax purposes	16	-
Prior year adjustments	-	3,101
	<b>(1,550)</b>	<b>2,438</b>

## Spectron Group Limited

### Notes to the Financial Statements For the year ended 31 December 2011

#### 5 Investments

	Subsidiary undertaking \$
<b>Cost</b>	
At 1 January 2011	4,524
FX translation	259
At 31 December 2011	<u>4,783</u>

The Company has investments in the following direct subsidiary undertakings

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>%</i>
Spectron Services Ltd	Great Britain	Intermediate holding company	100%
KMR Ltd	Great Britain	Dormant	100%

#### 6 Trade and other payables

	31 Dec 2011 \$	31 Dec 2010 \$
Amounts owed to group undertakings	2,452	2,463
	<u>2,452</u>	<u>2,463</u>

#### 7 Share capital

	31 Dec 2011 Number	31 Dec 2011 \$'000	31 Dec 2010 Number	31 Dec 2010 \$'000
<b>Authorised</b>				
Ordinary shares of £0.10 each	-	-	200m	31,198
Ordinary shares of \$0.165 each	200m	33,000	-	-
	31 Dec 2011 Number	31 Dec 2011 \$	31 Dec 2010 Number	31 Dec 2010 \$
<b>Issued and fully paid</b>				
Ordinary shares of £0.10 each	-	-	805,690	125,680
Ordinary shares of \$0.165 each	805,690	132,939	-	-

The share capital of the Company was redenominated from GBP to USD on 17 August 2011.



## Spectron Group Limited

### Notes to the Financial Statements For the year ended 31 December 2011

#### 7 Share capital (continued)

	31 Dec 2011 \$	31 Dec 2010 \$
At 1 January	125,680	125,680
Redenomination of ordinary shares on 17 August 2011	7,259	-
At 31 December	<u>132,939</u>	<u>125,680</u>

#### 8 Reserves

	Retained earnings	Capital redemption reserve	FX translation reserve	Retained earnings	Capital redemption reserve	FX translation reserve
	31 Dec 2011 \$	31 Dec 2011 \$	31 Dec 2011 \$	31 Dec 2010 \$	31 Dec 2011 \$	31 Dec 2010 \$
At 1 January	(255,786)	21,859	125,161	111,892	21,859	137,326
Impact of change in functional currency	125,161	-	(125,161)	-	-	-
Redenomination of share capital on 17 Aug 2011	(7,259)	-	-	-	-	-
(Loss) / profit for the year	(4,358)	-	-	11,213,398	-	-
Dividends paid	-	-	-	(11,581,076)	-	-
FX translation	(254)	1,185	-	-	-	(12,165)
At 31 December	<u>(142,496)</u>	<u>23,044</u>	<u>-</u>	<u>(255,786)</u>	<u>21,859</u>	<u>125,161</u>

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Description and purpose
Retained earnings	Cumulative net gains and losses recognised in the income statement
Capital redemption reserve	Non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares
FX translation reserve	Net cumulative effect of retained earnings translated from functional currency to presentational currency (for the period prior to functional currency change to USD)

#### 9 Related Party transactions

Amounts owed to group undertakings in the current and prior year, per note 6, relate solely to Spectron Energy Services Limited, an indirect subsidiary of the Company

No amounts included in the Company's operating loss for the current year relate to related parties. In 2010, dividends of \$11,218,203 were received from the Company's subsidiary, Spectron Services Limited

**Notes to the Financial Statements**  
**For the year ended 31 December 2011**

**10 Transition to IFRS**

Spectron Group Limited has presented its financial statements for the first time in accordance with International Financial Reporting Standards (IFRS), for the current year ended 31 December 2011. Historically, the financial statements for the Company have been presented under UK GAAP.

In accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*, comparative information has been reviewed to ensure it complies with reporting requirements under IFRS.

The Company did not present a Statement of Cash Flow in its previous UK GAAP financial statements, in accordance with the exemption available under FRS 1 *Cash Flow Statements (revised 1996)*. However, this is a requirement under IFRS, therefore cash flow information for the year ended 31 December 2010 has been presented in these financial statements.

The Company did also not disclose transactions with related entities in its previous UK GAAP financial statements, in accordance with the exemption available under FRS 8 *Related Party Disclosures*. However, this is a requirement under IFRS, therefore this information has been presented in these financial statements for both the current and prior year.

Otherwise, no differences exist between the comparative information when presented under IFRS, and that when presented under UK GAAP. The implementation of IFRS from UK GAAP does not give rise to any accounting policy differences which cause restatement of prior period results.

**11 Ultimate and immediate parent undertaking**

As at 31 December 2011 the immediate parent undertaking is Marex Spectron Group Limited, a private limited liability company registered in England and Wales. The Company was included in its consolidated financial statements. These consolidated financial statements will be available from its registered office at 155 Bishopsgate, London, EC2M 3TQ.

In the directors' opinion, the ultimate parent and controlling party is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.