

Dexter Magnetic Technologies Europe Limited

Registered number 04223971

Directors' report and financial statements

For the year ended 31 March 2012



DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

COMPANY INFORMATION

Directors	Harley Kaplan Kevin McKinley
Company secretary	TMF Corporate Administration Services Limited
Company number	04223971
Registered office	5th Floor 6 St Andrew Steet London EC4A 3AE
Auditors	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Bankers	JP Morgan Chase & Co P O Box 261 1 Chaseside Bournemouth BH7 7DA

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

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DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the company continued to be that of the sale and distribution of permanent magnets and magnetic products

Directors

The directors who served during the year were

Harley Kaplan
Kevin McKinley

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 31 October 2012 and signed on its behalf

A handwritten signature in black ink, appearing to read 'Kevin McKinley', with a large, stylized flourish at the end.

Kevin McKinley
Director

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

We have audited the financial statements of Dexter Magnetic Technologies Europe Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 1, 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime



David Clifford Birch (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date

8/11/2012

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
Turnover	1	1,227,398	1,265,445
Cost of sales		(972,725)	(973,308)
Gross profit		254,673	292,137
Distribution costs		(148,951)	(117,361)
Administrative expenses		(300,410)	(281,559)
Operating loss	2	(194,688)	(106,783)
Interest payable and similar charges		-	(10)
Loss on ordinary activities before taxation		(194,688)	(106,793)
Tax on loss on ordinary activities		-	-
Loss for the financial year	9	(194,688)	(106,793)

The notes on pages 7 to 11 form part of these financial statements

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

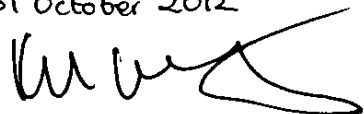
Registered number 04223971

BALANCE SHEET AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	3		-		-
Tangible assets	4		29,515		37,372
			<u>29,515</u>		<u>37,372</u>
Current assets					
Stocks	5	307,514		375,818	
Debtors	6	791,226		862,272	
Cash at bank and in hand		30,375		29,685	
		<u>1,129,115</u>		<u>1,267,775</u>	
Creditors: amounts falling due within one year	7	(200,109)		(151,938)	
Net current assets			929,006		1,115,837
Total assets less current liabilities			<u>958,521</u>		<u>1,153,209</u>
Capital and reserves					
Called up share capital	8		100		100
Other reserves	9		2,037,812		2,037,812
Profit and loss account	9		(1,079,391)		(884,703)
Shareholders' funds			<u>958,521</u>		<u>1,153,209</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
31 October 2012



Kevin McKinley
Director

The notes on pages 7 to 11 form part of these financial statements

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared on a going concern basis. This is based upon support provided by the parent undertaking to provide funds and administrative resources as may be required for a period of not less than twelve months from the date of signing these financial statements.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Goodwill

Intangible assets represent purchased goodwill. Purchased goodwill is capitalised and amortised on a straight line basis over its estimated useful economic life of five years because the directors believe that this is the period over which the company will benefit. Goodwill is reviewed for impairments at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	shorter of remaining lease term or life of the asset
Plant & machinery	-	10% straight line
Fixtures, fittings & equipment	-	15% straight line

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. Accounting policies (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

2. Operating loss

The operating loss is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	7,857	7,764
Auditors' remuneration	14,200	15,150
Auditors' remuneration - non-audit	290	3,688
Pension costs	5,379	2,949
Foreign exchange differences	4,752	7,884
Operating lease rentals	71,404	70,603
Depreciation of leasehold improvements	-	6,347

During the year, no director received any emoluments (2011 - £NIL)

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

3. Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2011 and 31 March 2012	137,479
Amortisation	
At 1 April 2011 and 31 March 2012	137,479
Net book value	
At 31 March 2012	-
At 31 March 2011	-

On 19 July 2001, the company acquired the "Dexter Specialty Materials" business and operating assets and liabilities from Henkel Loctite Adhesives Limited, a company incorporated in the United Kingdom. The acquisition resulted in purchased goodwill of £137,479.

As required by FRS11, Impairment of Fixed assets and Goodwill, the company performs an evaluation of its goodwill on an annual basis. Based on the results of its goodwill impairment analysis, management concluded that goodwill relating to "Dexter Specialty Materials" business was fully impaired.

The impairment of goodwill took into consideration the company's historical financial results, projected forecasts and estimated future cashflows discounted at their present value. The company has consistently been in a loss making position and based on current forecasted expectations, the carrying value of goodwill may not be recoverable.

4. Tangible fixed assets

	Leasehold Improvements £	Plant & machinery £	Furniture, fittings & equipment £	Total £
Cost				
At 1 April 2011 and 31 March 2012	62,130	25,426	7,026	94,582
Depreciation				
At 1 April 2011	29,970	22,050	5,190	57,210
Charge for the year	6,280	523	1,054	7,857
At 31 March 2012	36,250	22,573	6,244	65,067
Net book value				
At 31 March 2012	25,880	2,853	782	29,515
At 31 March 2011	32,160	3,376	1,836	37,372

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5. Stocks

	2012 £	2011 £
Goods for resale	307,514	375,818

During the year the estimation basis for the obsolete stock provision has been changed. The effect of the change is an increase in the provision of £89,000.

6. Debtors

	2012 £	2011 £
Trade debtors	234,641	221,011
Amounts owed by group undertakings	536,142	597,264
Prepayments	20,112	22,043
Other debtors	331	21,954
	791,226	862,272

Amounts owed by parent undertakings are unsecured, interest free and have no fixed date of repayment.

7. Creditors Amounts falling due within one year

	2012 £	2011 £
Trade creditors	168,744	122,408
Other creditors	31,365	29,530
	200,109	151,938

8. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
100 Ordinary shares shares of £1 each	100	100

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

9. Reserves

	Other reserves £	Profit and loss account £
At 1 April 2011	2,037,812	(884,703)
Loss for the year	-	(194,688)
At 31 March 2012	<u>2,037,812</u>	<u>(1,079,391)</u>

The other reserves represent a capital contribution by the parent company and is not available for distribution

10 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,379 (2011 - £2,949). Contributions totalling £nil (2011 - £nil) were payable to the fund at the year end.

11. Operating lease commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Expiry date:		
Between 2 and 5 years	45,000	-
After more than 5 years	-	45,000

12 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

13. Ultimate parent undertaking and controlling party

The immediate parent company of Dexter Magnetic Technologies Europe Limited is Dexter Magnetic Technologies Inc., a company incorporated in the United States of America.

The ultimate parent company is Dexter Holding Corporation, a company incorporated in the United States of America.

Dexter Holding Corporation prepares group financial statements which incorporate the results of the company.

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
Turnover	1,227,398	1,265,445
Cost of sales	(972,725)	(973,308)
Gross profit	254,673	292,137
Gross profit %	20.7 %	23.1 %
Less Overheads		
Selling and distribution expenses	(148,951)	(117,361)
Administration expenses	(300,410)	(281,559)
Operating loss	(194,688)	(106,783)
Interest payable	-	(10)
Loss for the year	(194,688)	(106,793)

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
Turnover		
Sales - Specialised electric products	1,227,398	1,265,445
	2012 £	2011 £
Cost of sales		
Purchases	773,928	1,028,641
Opening stocks	375,818	159,629
Closing stocks	(307,513)	(375,818)
Subcontract labour	27,364	55,401
Consumables	19,609	18,528
Commissions payable	560	-
Operating leases - rent	71,404	70,603
Depreciation of plant and machinery	6,803	8,440
Foreign exchange differences	4,752	7,884
	972,725	973,308
	2012 £	2011 £
Selling and distribution expenses		
Bank charges	7,222	9,187
Bad debts	9,325	(76)
Insurance	5,754	4,659
Light and heat	6,932	2,701
Repairs and maintenance	14,353	13,243
Printing, postage, stationery and telephone	5,139	4,124
Advertising	5,515	4,772
Legal and professional fees	20,539	26,686
Travelling	74,172	52,065
	148,951	117,361

DEXTER MAGNETIC TECHNOLOGIES EUROPE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
Administration expenses		
Staff salaries	238,889	174,700
Staff pension costs	5,379	2,949
Staff training	-	640
Telephone and fax	8,823	8,364
Management charges	30,035	73,534
Auditors' remuneration	14,200	15,150
Auditors' remuneration - non-audit	290	3,688
Depreciation - computer equipment	1,054	(676)
Sundry expenses	1,740	3,210
	<u>300,410</u>	<u>281,559</u>
	2012 £	2011 £
Interest payable		
Bank overdraft interest payable	<u>-</u>	<u>10</u>