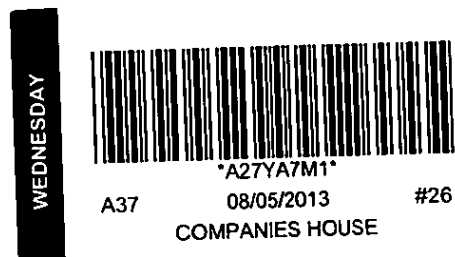


Financial Statements Linear Composites Limited

For the year ended 31 December 2012



Registered number: 2380921

Company Information

Directors	M Finelli S Miller T Balderson P Staten (resigned 25 January 2013) L Penzo M Showan (appointed 25 January 2013)
Company secretary	I Prince
Registered number	2380921
Registered office	7600 The Quorum Oxford Business Park North OXFORD OX4 2JZ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB
Bankers	HSBC Bank plc 196 Oxford Street LONDON W1D 1NT

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

Directors' Report

For the year ended 31 December 2012

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

Principal activities

The principal activity for the year was the extrusion of textile reinforced plastic composite materials

The profit for the year, after taxation, amounted to £1,745,097 (2011 - £1,135,013)

Directors

The directors who served during the year were

M Finelli

S Miller

T Balderson

P Staten (resigned 25 January 2013)

L Penzo

The directors recommended a dividend of £1,000,000 (2011 - £350,000), £NIL was outstanding at the year end (2011 - £NIL)

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 accounting 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.

Directors' Report

For the year ended 31 December 2012

Provision of information to auditor

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 auditor is 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 auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by part 15 section 415A of the Companies Act 2006

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



I Prince
Secretary

Date 25 April 2013



Independent Auditor's Report to the Members of Linear Composites Limited

We have audited the financial statements of Linear Composites Limited for the year ended 31 December 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2012 and of its profit 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 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.



Independent Auditor's Report to the Members of Linear Composites 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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report

Grant Thornton UK LLP

Kathleen Fidgeon (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
OXFORD

25 April 2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1	10,235,317	6,197,163
Cost of sales		<u>(7,165,665)</u>	<u>(4,274,409)</u>
Gross profit		3,069,652	1,922,754
Administrative expenses		<u>(1,040,146)</u>	<u>(762,256)</u>
Operating profit	3	2,029,506	1,160,498
Interest receivable and similar income	5	40,006	2,944
Interest payable and similar charges		<u>(42,126)</u>	<u>(30,208)</u>
Profit on ordinary activities before taxation		2,027,386	1,133,234
Tax on profit on ordinary activities	6	<u>(282,289)</u>	<u>1,779</u>
Profit for the financial year	13	<u><u>1,745,097</u></u>	<u><u>1,135,013</u></u>

The notes on pages 7 to 13 form part of these financial statements

Balance Sheet

As at 31 December 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	7		163,763	113,606
Current assets				
Stocks	8	1,095,088		1,574,180
Debtors	9	3,219,318		1,162,039
Cash at bank		545,968		1,218,379
		<u>4,860,374</u>		<u>3,954,598</u>
Creditors: amounts falling due within one year	10	<u>(2,514,695)</u>		<u>(2,313,362)</u>
Net current assets			<u>2,345,679</u>	<u>1,641,236</u>
Total assets less current liabilities			<u>2,509,442</u>	<u>1,754,842</u>
Provisions for liabilities				
Deferred tax	11		<u>(18,912)</u>	<u>(9,409)</u>
Net assets			<u><u>2,490,530</u></u>	<u><u>1,745,433</u></u>
Capital and reserves				
Called up share capital	12		2	2
Profit and loss account	13		<u>2,490,528</u>	<u>1,745,431</u>
Shareholders' funds			<u><u>2,490,530</u></u>	<u><u>1,745,433</u></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 by



S Miller
Director

Date 25 April 2013

The notes on pages 7 to 13 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 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)

1.2 Going concern

The accounts have been prepared on a going concern basis. The directors have prepared budgets and forecasts which indicate that the business can continue to trade for at least 12 months from the date of approving the financial statements. Furthermore, the directors have obtained confirmation from other members of the group that support will continue to be provided to the company for at least 12 months from the date of approving the accounts.

1.3 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.4 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.

Revenue is recognised when title or risk of loss passes to the customer.

Royalty income is recognised when Linear Composite technology has been used by a third party.

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:

Plant & machinery	-	5-20% straight line
Computer equipment	-	20% 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.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate 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.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company.

1.9 Financial Instruments

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

Dividends are distributions relating to equity instruments are debited directly to equity.

2. Turnover

59.3% of the company's turnover (2011 - 73.1%) is attributable to geographical markets outside the United Kingdom.

3. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	17,688	22,866
Auditor's remuneration	19,100	15,225
Auditor's remuneration - non-audit	5,700	-
Net (gain)/loss on foreign currency translation	(69,927)	51,371

4. Directors' remuneration

	2012 £	2011 £
Aggregate emoluments	200,572	198,730

All other directors' emoluments were paid through the parent company, Maccaferri Limited, a company incorporated in England and Wales.

Notes to the Financial Statements

For the year ended 31 December 2012

5. Interest receivable

	2012	2011
	£	£
Interest receivable from group companies	40,006	2,944

6. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	272,786	-
Deferred tax		
Origination and reversal of timing differences	10,256	(1,779)
Effect of increased tax rate on opening liability	(753)	-
Total deferred tax (see note 11)	9,503	(1,779)
Tax on profit on ordinary activities	282,289	(1,779)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below:

	2012	2011
	£	£
Profit on ordinary activities before tax	2,027,386	1,133,234
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	496,654	300,307
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,520	-
Capital allowances for year in excess of depreciation	(10,923)	-
Adjustments to tax charge in respect of prior periods	801	-
Group relief	(215,266)	(300,307)
Current tax charge for the year (see note above)	272,786	-

Notes to the Financial Statements

For the year ended 31 December 2012

7. Tangible fixed assets

	Long Term Leasehold Property £	Plant & machinery £	Computer equipment £	Total £
Cost				
At 1 January 2012	1	1,522,311	141,992	1,664,304
Additions	-	65,976	1,869	67,845
At 31 December 2012	1	1,588,287	143,861	1,732,149
Depreciation				
At 1 January 2012	-	1,409,131	141,567	1,550,698
Charge for the year	-	16,777	911	17,688
At 31 December 2012	-	1,425,908	142,478	1,568,386
Net book value				
At 31 December 2012	1	162,379	1,383	163,763
At 31 December 2011	1	113,180	425	113,606

8. Stocks

	2012 £	2011 £
Raw materials	334,861	536,226
Work in progress	122,165	154,152
Finished goods	638,062	883,802
	<u>1,095,088</u>	<u>1,574,180</u>

9. Debtors

	2012 £	2011 £
Trade debtors	206,387	70,892
Amounts owed by group undertakings	2,663,708	947,009
VAT recoverable	189,308	-
Other debtors	159,915	139,649
Tax recoverable	-	4,489
	<u>3,219,318</u>	<u>1,162,039</u>

Notes to the Financial Statements

For the year ended 31 December 2012

10. Creditors:

Amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	500,000	500,000
Trade creditors	887,136	1,195,854
Amounts owed to group undertakings	680,878	80,550
Corporation tax	83,214	-
Social security and other taxes	23,012	23,715
Other creditors	340,455	513,243
	<u>2,514,695</u>	<u>2,313,362</u>

11. Deferred taxation

	2012	2011
	£	£
At beginning of year	9,409	11,188
Charge for/(released during) year	9,503	(1,779)
	<u>18,912</u>	<u>9,409</u>

The provision for deferred taxation is made up as follows

	2012	2011
	£	£
Accelerated capital allowances	<u>18,912</u>	<u>9,409</u>

12. Share capital

	2012	2011
	£	£
Authorised, allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes to the Financial Statements

For the year ended 31 December 2012

13. Reserves

	Profit and loss account £
At 1 January 2012	1,745,431
Profit for the year	1,745,097
Dividends	(1,000,000)
At 31 December 2012	2,490,528

14. Dividends

	2012 £	2011 £
Dividends paid on equity capital	1,000,000	350,000

15. Capital commitments

At 31 December 2012 the company had capital commitments as follows

	2012 £	2011 £
New factory production line	250,000	-

16. Operating lease commitments

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

	2012 £	2011 £
Expiry date:		
Between 2 and 5 years	126,328	117,500

17. Contingent liabilities

There were no contingent liabilities at 31 December 2012 or 31 December 2011

Notes to the Financial Statements

For the year ended 31 December 2012

18. Related party transactions

As a wholly-owned subsidiary, the company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions with other members of the group headed by SECI Società Esercizi Commerciale e Industriali S p A on the grounds that the accounts of the latter company are publicly available and can be obtained from Via Agresti 6, Bologna, Italy

During the year, the company sold invoices worth £5,658,910 (2011 - £3,113,856) to Felsinea, an Italian debt factoring company which is partly owned by Officine Maccaferri S p A and the group's banking partners. At the year end £NIL was outstanding (2011 - £270,879)

19. Ultimate parent undertaking and controlling party

The ultimate parent company is considered to be SECI Società Esercizi Commerciale e Industriali S p A, a company incorporated in Italy, as a result of it owning 100% of the share capital of the parent company, Maccaferri Limited, a company incorporated in England and Wales