

Diamorph UK Limited

Directors' report and financial statements

Registered number 08071521

For the period ended 31 December 2012

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Directors' report

The company was incorporated on 16 May 2012. The directors present their first directors' report and audited financial statements from the date of incorporation to 31 December 2012.

Review of activities and future prospects

On 27 July 2012 the company purchased 100% of the ordinary share capital of Modular Stock Limited for a total consideration of £62.9m. From this date the company has acted and continues to act as an intermediate holding company.

Result and dividend

The loss for the financial period amounted to £4,152,000.

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

F Sveberg	(appointed 16 May 2012)
A Pouya	(appointed 16 May 2012, resigned 21 May 2012)
A P Moore	(appointed 27 July 2012)
F J Hopkins	(appointed 27 July 2012)

Political and charitable contributions

There were no political or charitable contributions made during the period.

Disclosure of information to 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 are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditor

KPMG was appointed during the period as first auditor of the company. 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.

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



FJ Hopkins
Director

2/7/13

Registered office
Ashburton Road West
Trafford Park
Manchester
M17 1RU

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Diamorph UK Limited

We have audited the financial statements of Diamorph UK Limited for the period ended 31 December 2012 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2, 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 Auditor.

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.

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 loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

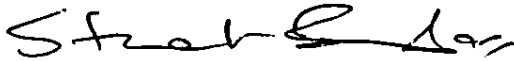
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Diamorph UK Limited
(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



Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester, M2 6DS

3/07/10

Profit and loss account
for the period ended 31 December 2012

	<i>Note</i>	Period ending 31 December 2012 £000
Administrative expenses		(142)
Operating loss		(142)
Interest payable and similar charges	3	(4,010)
Loss on ordinary activities before taxation		(4,152)
Tax on loss on ordinary activities	4	-
Loss for the financial period		(4.152)

There were no recognised gains or losses for the financial period other than those passing through the profit and loss account

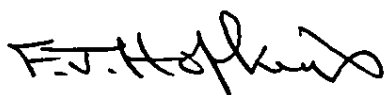
The notes on pages 8 to 11 form part of the financial statements

Balance sheet
At 31 December 2012

	<i>Note</i>	2012 £000
Fixed assets		
Investments	5	62,920
Current Assets		
Cash		11
		11
Creditors falling due within one year	6	(5,656)
Net current liabilities		(5,645)
Total assets less current liabilities		57,275
Creditors falling due more than one year	7	(53,323)
Net assets		3,952
Capital and reserves		
Called up share capital	8	8,104
Profit and loss account		(4,152)
Shareholder's funds		3,952

Notes on pages 8 to 11 form part of the financial statements

These financial statements were approved by the board of directors on 2/1/13 2013 and were signed on its behalf by



FJ Hopkins
Director

Reconciliation of movements in shareholder's funds
for the period ended 31 December 2012

	2012 £000
Loss for the financial period	(4,152)
Loss transferred to reserves	(4,152)
New share capital subscribed	8,104
Net movement in shareholder's funds and closing shareholder's funds	3,952

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the period.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The company's accounts are consolidated into the group accounts of Diamorph A B, a company incorporated in Sweden (see note 9).

Going concern

The directors have prepared cash flow forecasts into the future and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Related parties

The directors have taken advantage of the provisions of FRS8 'Related Party Disclosures' not to disclose transactions between subsidiaries of Diamorph A B.

Investments

Investments in subsidiary undertakings are stated at cost less any provisions for impairment. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

Notes (continued)

2 Notes to the profit & loss account

The company's audit fee of £2,000 is paid by a subsidiary undertaking

The directors did not receive any remuneration during the period in respect of services to the company. Directors are paid by other group companies.

The company had no employees other than the directors in the period.

3 Interest payable and similar charges

	2012 £000
Interest payable on loans due to group undertakings	2,333
Foreign exchange losses	1,677
	4,010

4 Taxation on profit on ordinary activities

Analysis of charge in period

	Period ended 31 December 2012	
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	-	
		-
Tax on loss on ordinary activities		-

Factors affecting the tax charge for the current year

The current tax credit for the year is lower than the standard rate of corporation tax in the UK 25%. The differences are explained below.

	Period ended 31 December 2012 £000
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	(4,152)
Current tax at 24%	(996)
<i>Effects of</i>	
Expenses not deductible for tax purposes	402
Group relief not paid for	594
Total current tax charge (see above)	-

Notes (continued)

5 Fixed asset investments

	Shares in subsidiaries £000
Cost and net book value	
Acquisitions	62,920
At end of period	<u>62,920</u>

On 27 July 2012 the company acquired 100% of the ordinary share capital of Modular Stock Limited. Consideration paid was in the form of £47,075,000 in cash, £10.5m in Series A loan notes (see note 7) and £5m in Series B loan notes (subsequently converted to intergroup loans). Stamp duty incurred of £345,000 was included with the cost of investment.

Details of the principal operating subsidiaries, all of which are unlisted, are set out below. These subsidiary undertakings are included within the consolidated Group financial statements.

	Class of share capital held	Proportion of share capital owned/voting rights	Nature of business (see below)
<i>Subsidiary undertakings</i>			
Great Britain			
Modular Stock Limited	Ordinary	100%	Holding company
Tenmat Limited*	Ordinary	100%	1
Tenmat Overseas Limited*	Ordinary	100%	Holding company
Golden Heights Limited*	Ordinary	100%	Employee share trust
Railko Limited****	Ordinary	100%	4
France			
Tenmat Sarl**	Ordinary	100%	3
Germany			
Tenmat GmbH**	Ordinary	100%	3
USA			
Tenmat Holdings Inc**	Ordinary	100%	Holding company
Tenmat Inc***	Ordinary	100%	2

The country under which each undertaking appears is both the company of incorporation and of its principal operations.

* Shares are held directly by Modular Stock Limited

** Shares are held by Tenmat Overseas Limited

*** Shares are held by Tenmat Holdings Inc

**** Shares are held by Tenmat Limited

1 Manufacturer of high performance non-metallic engineering materials and components

2 Distributor of high performance non-metallic materials and components

3 Sales agency

4 Manufacturer of synthetic bearings

Notes (continued)

6 Creditors amounts falling due within one year

	2012 £000
Trade creditors	17
Amounts owed to group undertakings	3,139
Series A Loan notes	2,500
	5,656

7 Creditors amounts falling due in more than one year

	2012 £000
Series A Loan notes	8,000
Amounts owed to group undertakings	45,323
	53,323

Loan notes of £10.5m relate to Series A loan notes due to former shareholders of Modular Stock Limited. The loan notes do not carry any interest and are repayable by instalments of £2.5m, £5m and £3m in July 2013, July 2014 and July 2015 respectively.

Amounts owed to group undertakings includes a loan with Diamorph A B of SEK 425m which carries interest at 12% and is repayable in July 2017. The loan is secured by fixed and floating charge over the ordinary shares of companies in the Diamorph UK Limited Group. This balance also includes an intercompany payable with Diamorph A B for SEK 55.5m which carries no interest and has no fixed repayment date but is not due within 12 months of the date of these accounts.

8 Called up share capital

	2012 £000
Authorised, allotted, called up and fully paid 8,104,000 ordinary shares of £1 each	 8,104

During the period the company issued 8,104,000 ordinary shares of £1 each for total proceeds of £8,104,000 which were used to fund the acquisition of Modular Stock Limited.

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

The company's immediate and ultimate parent company is Diamorph A B, a company incorporated in Sweden.

Copies of Diamorph A B's consolidated financial statements may be obtained from Diamorph A B, Roslagstullsbacken 11, SE-106 91 Stockholm, Sweden).