



Plastics



Engineering



Boards & Panels

### Engineering Division

BSP International  
Foundations Ltd  
Tex Engineering Ltd  
Eurotex International Ltd  
Tex Special Projects Ltd  
Tex A.T.C. Services Ltd  
Tex A.T.C. Ltd  
ADR Sales Ltd  
Tex Industrialised  
Construction Systems Ltd  
UK Mex and  
Associates Ltd

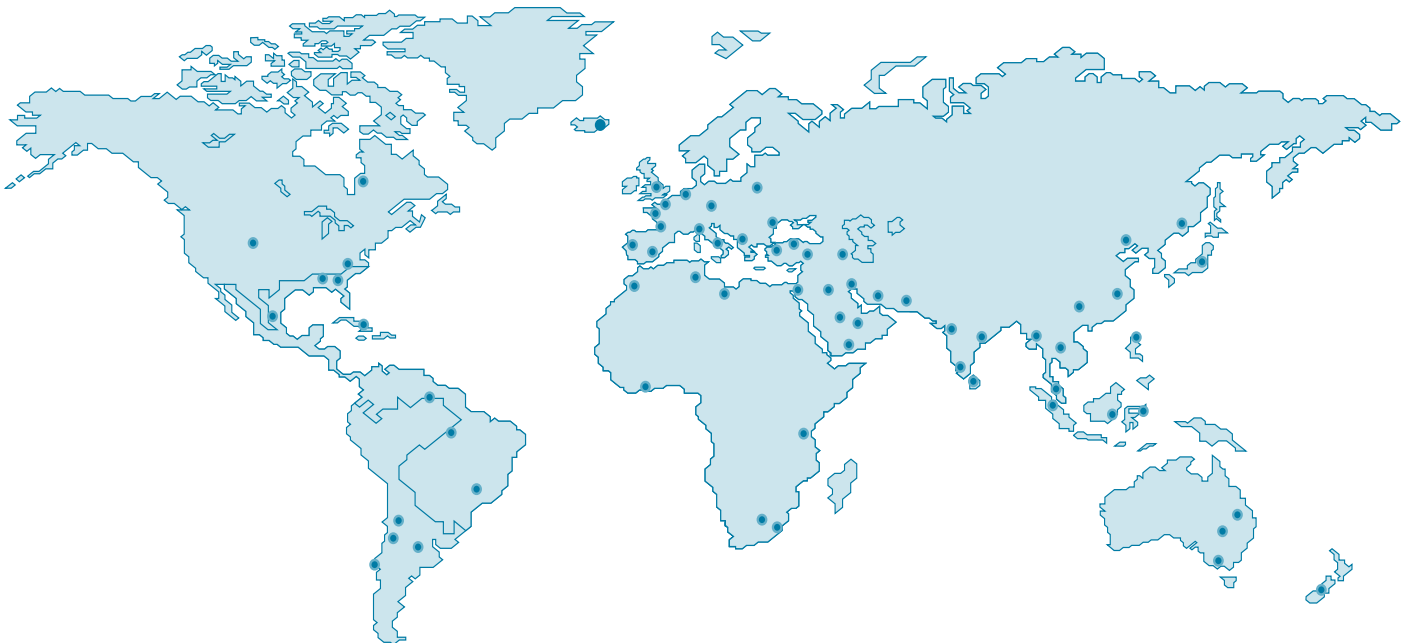
### Plastics Division

Tex Industrial Plastics Ltd  
Tex Plastic Products Ltd  
Tex Tooling Ltd

### Boards & Panels Division

QK Honeycomb  
Products Ltd  
Q.K. Humberside Ltd

## GEOGRAPHICAL REPRESENTATION



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# CHAIRMAN'S STATEMENT

## Results and operations

Tex Group sales for the 12 months to 31st December 2009 amounted to £33.0m compared with £35.8m in 2008. The past year has been a year of retrenchment given the state of the economy.

Pre-tax profit earned in 2009 was £418,000 compared with £399,000 in 2008.

The Plastics Division and the Boards & Panels Division continued to suffer from the economic conditions, with the necessary contraction in costs to maintain viability. The performance of the Engineering Division was also impacted by the economic trading conditions.

## Prospects and dividend

Business levels in the early months of 2010 have been subdued, sales in the Engineering Division have contracted as expected. As a Group, the necessary cost realignment has occurred and the position continues to be monitored.

The Group order book has now returned to its historic level following the highs of recent years.

The Board feels able to recommend a final dividend of 1.0 pence (2008: 1.0 pence) which would make a total of 2.0 pence in 2009 (2008: 5.5 pence). The final dividend will be paid, subject to shareholder approval, on 23rd July 2010 to members on the register as at 18th June 2010.

## Staff

It has been another busy and demanding year requiring a number of difficult decisions, and I would like to thank staff at all levels in the Group for their contribution.

## A R B Burrows

Chairman

7th April 2010

# RESULTS IN BRIEF

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Revenue	<b>33,013</b>	35,761
Profit before taxation	<b>418</b>	399
Taxation	<b>(134)</b>	(280)
Profit on ordinary activities after taxation	<b>284</b>	119
Total equity	<b>6,329</b>	6,113
Net assets per share	<b>100p</b>	96p
Basic earnings per share	<b>4.5p</b>	1.9p
Diluted earnings per share	<b>4.5p</b>	1.9p
Dividends per share (based on interim dividend in the year and final dividend proposed)	<b>2.0p</b>	5.5p

# BUSINESS REVIEW

This division comprises six businesses, between them providing a wide range of engineering products and services, working on projects all over the world.



**BSP International Foundations Limited** – Design and manufacture of a proprietary range of piling and dynamic compaction equipment for the ground engineering sector.

The company enjoyed another strong trading year. Sales at £6.0m were just short of the £6.1m achieved in the previous period. A component supply problem affected one of BSP's contracts early in 2009. BSP rectified the problem and the costs involved in doing this contributed to an operating profit for the year of £347,000, which was a significant reduction from the 2008 figure of £706,000. BSP has made a warranty claim on the supplier.

During the first half of 2009 the recession had limited impact on the company's products. In the latter part of the year, the level of enquiries received was maintained, but the rate of conversion of enquiries to orders dropped. This continues to be the case and it is likely the economic climate will affect 2010 results.

**Tex Engineering Limited** – Manufacture and sale of road making and associated equipment and steel enclosures.

Tex Engineering sales fell by 23.0% from £3.0m to £2.3m. The company started 2009 with a significant export contract, which was referred to in last year's report. This was successfully shipped, but the company suffered a fall-off in demand in the second half of 2009.

The company made an operating loss of £203,000 compared with a profit of £66,000 in 2008. This loss was the result of lower sales volumes and the costs involved in restructuring the business accordingly.

2010 has opened in line with expectations, with an increase in enquiries for the products that were impacted by the downturn in the second half of 2009. The business starts 2010 with a cost base appropriate for current levels of turnover.

## Key strengths

### Sector expertise

BSP has pioneered the evolution of piling hammer design and was one of the first companies to launch the hydraulic impact hammer to the world market, setting the standard for their design and construction.

Tex Engineering are a major manufacturer of equipment for the highways and utilities industries.

### Technical skills

Tex A.T.C. Services and Tex Special Projects have a creative and enthusiastic team with a diverse skill-set. Utilising the latest 3-D modelling software they are able to rapidly explore and demonstrate designs thus foreshortening design time and mitigating risk at scope integration.

Eurotex provide complete engine refurbishments which involve comprehensive inspection/measurement procedures. They are a Lloyd's registered BS:EN:ISO:9001:2000 quality assured company.





## Key strengths

### Innovation and research

Award winning design innovation driven from research and development has seen Tex A.T.C. Services and Tex Special Projects gain recognition and long-term contract awards from key players such as Carillion, BAE Systems and Thales.

### Development

BSP is continually improving and developing its product ranges to make them the best in the marketplace. They are also equipment innovators, most notably as the inventors of the Rapid Impact Compactor (RIC) to provide fast, low cost foundations in granular soils.

# BUSINESS REVIEW CONTINUED

Tex A.T.C. Services is tendering for a number of projects, both in the UK and overseas.



**Eurotex International Limited** – Marine diesel engine and governor rebuilding, parts supply and technical support: engineering and procurement services.

Eurotex recorded a second consecutive creditable performance in 2009 with a sales increase of 14.0% over 2008. The company recorded a 6.0% fall in trading profit at the operating level compared to the previous year.

The company finished 2008 strongly and this was continued throughout 2009. The year 2010 has started well and negotiations are currently in place for the orders needed for the balance of the year. The current economic climate could impact on 2010 trading, but there is little sign of this to date.

**Tex A.T.C. Services Ltd (Air Traffic Control)** – Design, manufacture and installation of air traffic control rooms.

The company successfully completed contracts in the year 2009 for control rooms at RAF Linton-on-Ouse and Isle of Man airports and won an order for supply to Nigeria.

The company is tendering for a number of projects, both in the UK and overseas. The expansion overseas is occurring as a result of the success of the company in the UK.

**Tex Special Projects** – Design and manufacture of bespoke and modular structures and radio frequency blocking glazing for both civilian and military applications.

Sales of the company's glazing system have continued throughout 2009 in parallel with the ongoing contract for the 'flying' control rooms and bridge glazing for the new aircraft carriers for the Royal Navy.

2010 is expected to be similar to 2009, with sales of the glazing system continuing alongside the aircraft carrier contracts.

## Our clients

### **Carillion/Defence Estates Clark Construction Ltd/Defence Estates**

Design, manufacture and install a Maxi-View 280 Visual Control Room for the new control towers at RAF Linton-on-Ouse, Yorkshire and at RAF Coningsby, Lincolnshire, respectively.

### **Parkinson Ltd**

Design, manufacture and install a Maxi-View 180 Visual Control Room for the new control tower at Ronaldsway Airport, Isle of Man.

### **Debut (South West) Ltd/Defence Estates**

Design, manufacture and install a Maxi-View 180 (Blast Proof Variant) Visual Control Room for the new control tower at RNAS Yeovilton, Somerset.

### **Thales Naval/Aircraft Carrier Alliance**

Design, manufacture and install two Modular 'Flyco' (Flying Control Rooms).

Design, manufacture and supply two complete ship sets of Tex Maxi-View 'Tempest' Windows and Heater Control Systems.

Design, manufacture and supply two complete sets of Window Cleaning and Control Systems, all for the UK MoD QEC Project.

### **Damen Schelde Naval Shipbuilding/ Royal Netherlands Navy**

Design, manufacture and supply Tex Maxi-View 'Tempest' Windows for their latest warship project build.





## Our clients

### **BAE Systems, Indian Navy, Chilean Navy, American Navy and Coastguard**

Supply of new spares and overhaul of equipment by Eurotex.

### **China Harbour Engineering**

Three BSP 25 tonne hammers working on the construction of the second Penang Bridge in Malaysia.

### **Jinnings Equipment LLC (Fort Wayne, Indiana, USA)**

Jinnings Equipment offer state of the art foundation equipment throughout the USA. Last year Jinnings Equipment supplied two BSP CG hammers to Traylor-Massman-Weeks (TMW) for the construction of the world's largest flood barrier, in New Orleans, USA.

# BUSINESS REVIEW

Our Plastics Division provides precision injection moulded plastics and finishing services for a wide range of customers across many sectors.



**Tex Industrial Plastics Limited** – Precision injection moulding, assembly and finishing services: tooling procurement.

**Tex Plastic Products Limited** – Precision injection moulding and assembly services: tooling procurement.

Sales in the Plastics Division fell by 14.0% from £19.3m to £16.6m. Operating profit also fell to £485,000, a 35.0% fall from £748,000 in 2008.

The Plastics Division has been impacted by current economic conditions. This has particularly affected Tex Industrial Plastics, whose turnover fell by 17.0% and operating profit by 67.0%; action was taken to reduce costs in 2009. Tex Plastic Products had a 9.0% fall in turnover; however tight control of costs limited the reduction in profit to 17.0%.

The opening months of 2010 have been difficult with production levels similar to last year; further cost reduction measures have been taken and the two companies are being operated together as a single business.

## Key strengths

### Technical skills

TIP has a continuous improvement policy that requires its employees to undergo rigorous NVQ training procedures to maximise lean efficiency. Working in harmony with Cogent and Derby College, employees widen their skills and knowledge of the Plastics sector.

### Sector expertise and research

Investment in the latest technology of friction welding equipment to create a secure and total fusion of making parts used in critical applications. This process allows an assembly to operate under watertight and pressurised conditions currently developed for the water heating, metal replacement and food handling sectors.

New robotic sealing and gasket technology will be introduced during 2010, creating further opportunities in the development of unique processes.

### International coverage

Established trading relationships with recognised global OEMs in the domestic appliance, safety, retail, energy and utility market sectors.





## Our clients

### **Baxi Heating UK Ltd**

Market leader of energy efficient water heating systems.

### **RTC Europe Ltd**

Global manufacturer of unique systemised retail product dispensing.

### **Technolog**

Major UK-based manufacturer of utility data logging systems.

### **Contour Premium Aircraft Seating**

Experienced supplier of aircraft seating to the world's leading airlines.

# BUSINESS REVIEW

Our Boards & Panels Division is an established supplier of quality lightweight boards and panels. Applications include point of sale display equipment and doors and worktops for caravans.



**QK Honeycomb Products Limited** – Manufacture and sale of lightweight boards and panels.

Turnover at QK was £3.6m, down 25.0% versus £4.9m in 2008. The company's sales continue to be affected by a decision taken in 2008 by a major customer to move from 100.0% supply by QK to dual sourcing; this has been partially offset by increased sales to other customers. An operating loss of £238,000 arose, after the cost of further rationalisation, which was a 65.0% reduction compared with the loss of £675,000 in 2008.

As expected, trading has opened slowly in 2010. The company has now restructured to a position where it is felt it can trade profitably on current turnover levels.

## Our clients

### **Bailey Caravans Ltd**

One of the UK's largest caravan manufacturers, who have recently launched the new Alu-Tech body design.

### **Swift Group Limited**

Manufacturers of touring caravans, coachbuilt motorhomes and modern holiday homes.

### **Clip Displays**

Specialists in exhibition stands, display, modular and pop-up stands, banner stands and display kits with exhibition stand designers and contractors.

### **Senator International**

One of Europe's largest office furniture manufacturers and the leading investor in research and development and design. They are also the leading exponent of supply partnerships between manufacturer and corporate and government organisations.





## Key strengths

### Sector expertise

Development of vacuum-forming for lightweight composites has allowed QK to introduce complex shapes and forms which are highly prized by motorhome designers.

### Innovation

The expansion of customers has come through proactive development of lightweight components, innovative designs based on customer briefs and strong and reliable supply service.

### Research and development

The investment made by QK into ABS and PVC edging technology for shaped work surfaces continues to be rewarded, as this design format now represents the norm within the industry.



# CORPORATE SUMMARY

The Group results represent the impact of economic slow down.

It has been a second challenging year for UK manufacturing, but the Group has benefited from the diversity of its operations and markets, which has cushioned the impact of the downturn.

Looking ahead in 2010, strong control of cash flow needs to be maintained and we need to prepare the infrastructure and skills for the opportunities presented when the recession eventually ends. Further cost reductions have already taken place in 2010; additional cuts in costs will be made if sales fall short of budgeted levels.

**M J Cadbury**  
Executive Director  
7th April 2010

## FIVE YEAR FINANCIAL SUMMARY

	Year ended 31/12/09 £000	Year ended 31/12/08 £000	Year ended 31/12/07 £000	Year ended 31/12/06 £000	Year ended 31/12/05 £000
Revenue	<b>33,013</b>	35,761	36,873	34,498	31,685
Profit before tax	<b>418</b>	399	1,226	907	312
Profit before tax as a percentage of revenue	<b>1.3%</b>	1.1%	3.3%	2.6%	1.0%
Profit after taxation	<b>284</b>	119	914	599	212
Basic earnings per ordinary share	<b>4.5p</b>	1.9p	14.4p	9.4p	3.3p
Diluted earnings per ordinary share	<b>4.5p</b>	1.9p	14.4p	9.4p	3.3p
Dividends per ordinary share (based on interim dividend in the year and final dividend proposed)	<b>2.0p</b>	5.5p	7.5p	7.0p	4.0p
Period end total equity	<b>6,329</b>	6,113	8,408	7,919	6,332
Profit before tax as a percentage return on average total equity	<b>6.7%</b>	5.5%	15.0%	12.7%	4.9%
Net assets per ordinary share	<b>100p</b>	96p	132p	125p	100p

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31st DECEMBER 2009

The Directors have pleasure in submitting their Annual Report and the audited financial statements for the year ended 31st December 2009.

## Principal activities and business review

The Group's principal activities are plastic injection moulding and tooling procurement, the manufacture and supply of proprietary piling equipment, engineering products and board and panels. The names of subsidiaries and their principal activities are set out in note 13 to the accounts.

The Board consider the following as key performance indicators for the Group: revenue, operating profit, cash flow and capital investment. These are discussed in the Chairman's Statement and Business Review by division on pages 1 to 10. The Board members review these for each of the businesses on a monthly basis. Individual subsidiaries have additional key performance indicators specific to their operations and the industry in which they operate.

Sales and orders are also monitored against budget on a weekly basis by the executive management team.

These are discussed in the Business Review, note 3 to the financial statements and below.

The Chairman's Statement and Business Review on pages 1 to 10 along with note 28 contain information that fulfils the requirements of the statutory business review and are incorporated in this Directors' Report by reference. The Business Review is addressed only to shareholders and its purpose is to provide a review of the business and to explain the principal risks and uncertainties facing the Group.

The Annual Report contains certain forward looking statements with regard to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing contained in this Annual Report should be construed as a profit forecast.

## Results and dividends

Revenue amounted to £33,013,000 (31st December 2008: £35,761,000). Profit before taxation was £418,000 (31st December 2008: £399,000).

The Directors have proposed a final ordinary dividend in respect of the current financial year of 1.0 pence per share (31st December 2008: 1.0 pence). This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a dividend of 1.0 pence per share in respect of the previous year ended 31st December 2008, together with an interim dividend in respect of the year ended 31st December 2009 of 1.0 pence per share.

## Research

Expenditure on research is written off to the income statement in the period in which it is incurred.

## Creditor payment policy

The Company agrees the terms and conditions under which transactions with our suppliers are conducted. It is Company policy that payments are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. This policy continues to be applied.

At the year-end, there were 1 day's (31st December 2008: 1 day) purchases in trade payables within the Company.

## Directors

The names of the Directors of the Company, including those who act in a non-executive capacity, appear on page 52. All the Directors served for the whole year.

Brief biographical details of the Chairman and the Directors are as follows:

A R B Burrows (age 71) is an industrialist. He is a Director of Le Bas Limited, IS & G (Holdings) Limited and 333 Holdings Limited.

# DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

M J Cadbury (age 50) is a qualified engineer, MBA and Chartered Director. He has had a number of commercial positions both in the UK and overseas. He is a Director of Globescan Inc, LJC Fund Ltd and Chairman of Pepal Ltd.

C D Palmer-Tomkinson (age 68) graduated from Oxford University with a degree in jurisprudence. He was a partner in Cazenove from 1972 to 2002 and a Director of Highland Gold Mining until 2008. He is a Director of Chaarat Gold Holdings Ltd, Goodenough College and Kyrek Ltd.

C D Palmer-Tomkinson serves on the Board as independent Non-Executive Director. C D Palmer-Tomkinson acts as the senior independent Non-Executive Director.

A R B Burrows retires by rotation and, being eligible, offers himself for re-election as a Director.

Certain Directors benefited from qualifying third party indemnity provisions in place during the year and at the date of this report.

## Directors' share interests

	Ordinary shares	
	31/12/09	31/12/08
A R B Burrows	—	—
M J Cadbury	30,000	20,000
C D Palmer-Tomkinson	—	—

There were no changes in Directors' interests between 31st December 2009 and the date of this report.

The market price of the Company's shares at 31st December 2009 was 54.0 pence and the range during the period was 54.0 pence to 68.5 pence.

## Substantial holdings

Notification has been received that, as at 6th April 2010, the latest practicable date prior to signing the accounts, the following shareholders have an interest of more than 3.0% in the issued share capital of the Company:

Shareholder	No. of shares held	%
Edward Le Bas Limited	1,180,789	18.59
Le Bas Investment Trust Limited	812,028	12.78
WB Nominees Limited A/C ISA Max	551,572	8.68
Brewin Nominees Limited <Gross>	385,000	6.06
W B Nominees Limited	365,758	5.76
Rock (Nominees) Limited A/C ISA	335,590	5.28
Pershing Keen Nominees Limited	229,000	3.61
Atlantis Vest	200,000	3.15

## Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

## Employee involvement

During the year, the policy of providing employees with information about the Group has continued. Employees have also been encouraged to present their suggestions and views.



## **Environment**

The Group aims to operate, in general, to standards as high or higher than those required by law, codes of practice and issued guidelines. In general, it seeks to avoid any adverse effect on the environment by its activities.

## **Financial instruments**

The Group's financial instruments comprise short-term debtors and creditors, borrowings, cash and obligations under finance lease and hire purchase contracts, all of which are denominated in Sterling. The main purpose of these financial instruments is to raise finance for the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing both of these risks and they are summarised below. These policies have remained unchanged since 1st January 2005.

### **Interest rate risk**

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group's borrowings consist of variable rate overdraft facilities, finance lease/HP arrangements and fixed rate term loans (as disclosed in note 20).

The interest rates charged are reviewed and renegotiated on a regular basis.

### **Liquidity risk**

The repayment terms of the fixed rate loans have been structured to be serviced from cash generated by operating activities. Short-term flexibility is achieved by overdraft facilities.

## **Political and charitable contributions**

The Group made no political contributions during the year. Donations by the Group to UK charities amounted to £842 (31st December 2008: £1,545), none of which were over £200. All donations were made by the Company.

## **Corporate governance**

The Company's statement on Corporate Governance is contained within the Corporate Governance report on pages 13 to 16 of these financial statements. The Corporate Governance report forms part of the Directors' Report and is incorporated into it by cross reference.

Throughout the year to 31st December 2009, the Company complied with the provisions of the Combined Code issued by the Financial Reporting Council in June 2008, except as discussed below. The statements hereunder set out how the principles are applied to the Group.

### **a) Directors**

Details of the Directors are listed above. The post of Chairman and Executive Officer were held by A R B Burrows and M J Cadbury respectively. C D Palmer-Tomkinson acts as senior Non-Executive Director.

Of the Non-Executive Directors, C D Palmer-Tomkinson qualifies as independent within the definition of Provision A.3.1. A R B Burrows fulfils the role of Chairman and therefore he does not qualify as independent within the definition of Provision A.3.1. However, the Board has considered the independence of this Director with care. He contributes significantly through his skill and knowledge of the Company, provides continuity and balance to the Board and continues to demonstrate a strong independence of management in the manner in which he discharges his responsibilities as Director.

### **b) The Board**

The Board meets a minimum of four times a year. It is the Board's duty to lead and control the Group. A schedule of matters specifically reserved for the Board's decision exists and matters for their consideration include, but are not restricted to, operational and financial performance and capital expenditure.

# DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

The Board is structured so that all Directors have input to provide a balance to the decision making process. No Executive Director has a contract of service for more than one year's duration. Any training that individual Directors feel is necessary in fulfilling their duties is available. All Directors are given internal training in the operations of the Company and other training as necessary. All Directors have access to the services of the Company Secretary and independent advice at the Company's expense if they feel it is necessary.

Hitherto, there has been no formal process covering performance evaluation of the Board as required by Provision A.6. However, this matter is considered on an informal basis by the Board.

The Company does not have a Nomination Committee as the Board consists of only three Directors. The Board therefore fulfils the role of the Nomination Committee and therefore the Company has not complied with Provision A.4.1 during the year.

Formal terms of appointment have not been issued to the Non-Executive Directors but they will be eligible for re-election at intervals of no more than three years and due consideration will be given on an annual basis as to the need for each Director to stand for re-election.

The membership of the Committees of the Board and attendance at meetings for the year under review are set out in the table below:

	Board	Remuneration Committee	Audit Committee
Total meetings	5	1	2
A R B Burrows	5	1	2
M J Cadbury	4	N/A	N/A
C D Palmer-Tomkinson	5	1	2

## c) The Directors' report on remuneration

The Directors' Remuneration Committee continued to operate throughout the period and formally met once.

The Company's remuneration policy is set by the Board after considering the suggested framework put forward by the Remuneration Committee. Individual remuneration packages are determined by the Committee within this framework. Details are set out in the Directors' Remuneration Report.

Provision B.2.1 requires that the Remuneration Committee should exclusively consist of independent Non-Executive Directors. The Company has not complied with this provision, as A R B Burrows cannot be considered independent as a result of his substantial indirect interest in the Company and his role as Chairman. The Company considers that the Remuneration Committee benefits from the additional input by the Chairman.

## d) Relations with shareholders and institutional investors

The Company considers its relationship with both institutional and private investors to be important and readily enters into dialogue with investors both throughout the year and at the Annual General Meeting.

## e) Accountability and audit: internal control

The Directors acknowledge that they are ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has established an Audit Committee consisting of the Non-Executive Director and the Chairman, who have direct access to the Group's auditors. While the Board considers that the Audit Committee collectively has the skills and experience required to discharge its duties, the Board has determined that no single member fully meets the requirements of the revised Combined Code (provision C.3.1) in respect of 'recent and relevant financial experience'.

The duties of the Audit Committee include the monitoring of the integrity of the financial statements, formal announcements relating to the Company's financial performance, review of significant financial reporting judgements

contained in them, review the need for an internal audit function, review the appointment of the auditor, the consideration and scope of audit and matters arising from the audit and the review of internal control procedures. In addition, the Audit Committee considers the independence and objectivity of the auditors. The Committee met formally twice during the year. Regular informal meetings occurred during the year.

During the year ended 31st December 2009, the Audit Committee discharged its responsibilities as detailed within the following paragraphs and by these specific actions:

- reviewing the Group's draft financial statements and interim results statement prior to Board approval;
- reviewing the appropriateness of the Group's accounting policies; and
- reviewing the matters arising from the audit.

Members of the Audit Committee maintain regular dialogue with the auditors and monitor regularly the non-audit services being provided to the Group by its external auditors to ensure that this does not impair their independence or objectivity.

The Audit Committee also monitors the Group's whistle-blowing procedures, ensuring that there are appropriate arrangements in place for employees to be able to raise matters of possible impropriety in confidence, with suitable subsequent follow-up action.

The Group does not have an internal audit function. However, the Board periodically reviews the need for such a function (Provision C.3.5). The current conclusion of the Board is that this is not necessary given the scale, diversity and lack of complexity of the Group's activities.

There is an ongoing process, by way of management reports and regular involvement of the Executive Director and Chairman in the Group's operation, for identifying, evaluating and managing the significant risks faced by the Group, that has been in place throughout the year and remains in place at the date the accounts were signed. This process is subject to review by the Board and accords with the Turnbull Guidance.

### **Control environment**

The Board encourages a culture of integrity and quality and is committed to maintaining the highest standards across all of its operations. The Group has defined organisational structures with clear lines of accountability and delegation of authority. There are also supporting Group policies and employee procedures for the reporting and resolution of suspected fraudulent activities. The Group has appointed external consultants in the field of health and safety and employment law to assist in the review of procedures and documentation in these areas which are seen as potential risk areas. The procedures are monitored on an ongoing basis.

### **Risk identification and management**

Divisional management are responsible for identifying the risks facing their operation, for initiating appropriate control procedures and for reporting any control issues and remedial action as and when they arise. These risks are assessed and monitored closely by the Group Board on a quarterly basis using management information. (Code principle C2).

### **Information and communication**

The Group goes through a detailed annual budgeting process with a Group budget being approved by the Board. Performance against budget is actively monitored at Board and divisional level and supported by re-forecasts. Monthly management information compiled from all the Group's operations incorporating key performance indicators and review of operations is considered and performance reviewed against budget, with variances closely monitored and investigated by management.

More frequent regular reporting is focused on key areas including daily cash flow, weekly sales and order reporting.

Through these mechanisms Group performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.



# DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## **Control procedures**

Internal control procedures exist throughout the Group's operations to safeguard the assets from loss or misuse and to ensure that financial records are reliable. There are clear divisions of responsibility amongst employees and appropriate authorisation limits regarding transactions.

## **Monitoring and corrective action**

Compliance with controls is continuously monitored by management, including close involvement by the Board. The Executive Director is ultimately responsible for monitoring the system of internal controls. The Board formally reviews the effectiveness of the Group's system of internal controls on a regular basis, by way of management reports and regular involvement of the Executive Director and the Chairman in the Group's operations. Provision C.2.1 requires the Board should at least annually conduct a review of the Group's system of internal controls. The formal presentation of the control review occurs at the Board meeting to approve the annual budget.

The Directors believe that the provisions of Section 1 Part D of the Code relating to Accountability and Audit have been met throughout the year.

## **f) Going concern**

In arriving at their decision to prepare the financial statements on a going concern basis the Directors have reviewed the Group budget for 2010 and its plans for the medium-term. This included consideration of the cash flow implications of the budget including proposed capital expenditure and the Group's committed and expected borrowing facilities.

## **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Group and Parent Company financial statements on the same basis. 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU 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 Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper 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 Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website and legislation in the United Kingdom, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

**Audit information**

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 auditors are individually 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 auditors are aware of that information.

**Auditors**

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Larking Gowen Limited as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

**Annual General Meeting**

The Annual General Meeting of the Company is to be held at Tex Holdings plc, Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk, IP6 0NL on 14th June 2010 at 12.15pm. The Notice of Meeting is set out on page 50.

By order of the Board

**C A Parker**

Secretary  
7th April 2010

# DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31st DECEMBER 2009

The following report sets out information relating to Directors' remuneration; of this information, only Directors' remuneration, pension benefits and share option information are subject to audit.

## Remuneration Committee

The Company's Remuneration Committee consists of A R B Burrows (non-executive) and C D Palmer-Tomkinson (non-executive).

A R B Burrows cannot be considered independent as a result of his substantial indirect interest in the Company. The Company considers that the Remuneration Committee benefits from the additional input by the Chairman.

The remuneration policy is set by the Board and is described below. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy.

## Policy

The policy of the Committee is to review the Executive Director's remuneration package for forthcoming years such that the structure will retain and motivate the Executive Director. Of the remuneration package, bonuses are performance related. Bonuses are based on the achievement of specific criteria and Group return on capital employed. They are paid in cash and the Committee has overriding discretion in determining the payment of bonuses.

## Service contract

The Company has service contracts with its Directors. It is Company policy that such contracts should contain notice periods of not more than 12 months. Provision for loss of office is not included within the contracts. Details of the contracts currently in place for the Executive Director who served during the period are as follows:

M J Cadbury does not have a contract.

## Pension scheme

The Group operates a defined contribution pension scheme, the Company has made contributions of £Nil (31st December 2008: £11,250) to the Executive Directors' money purchase scheme.

## Directors' remuneration

	A R B Burrows		J E Greve		M J Cadbury		C D Palmer-Tomkinson	
	Year ended 31/12/09 £	Year ended 31/12/08 £	Year ended 31/12/09 £	Year ended 31/12/08 £	Year ended 31/12/09 £	Year ended 31/12/08 £	Year ended 31/12/09 £	Year ended 31/12/08 £
Salary/ Fees	24,996	25,000	—	10,000	56,591	19,206	19,250	5,173
Bonus	—	—	—	—	—	—	—	—
Healthcare	—	—	—	—	—	—	—	—
	24,996	25,000	—	10,000	56,591	19,206	19,250	5,173

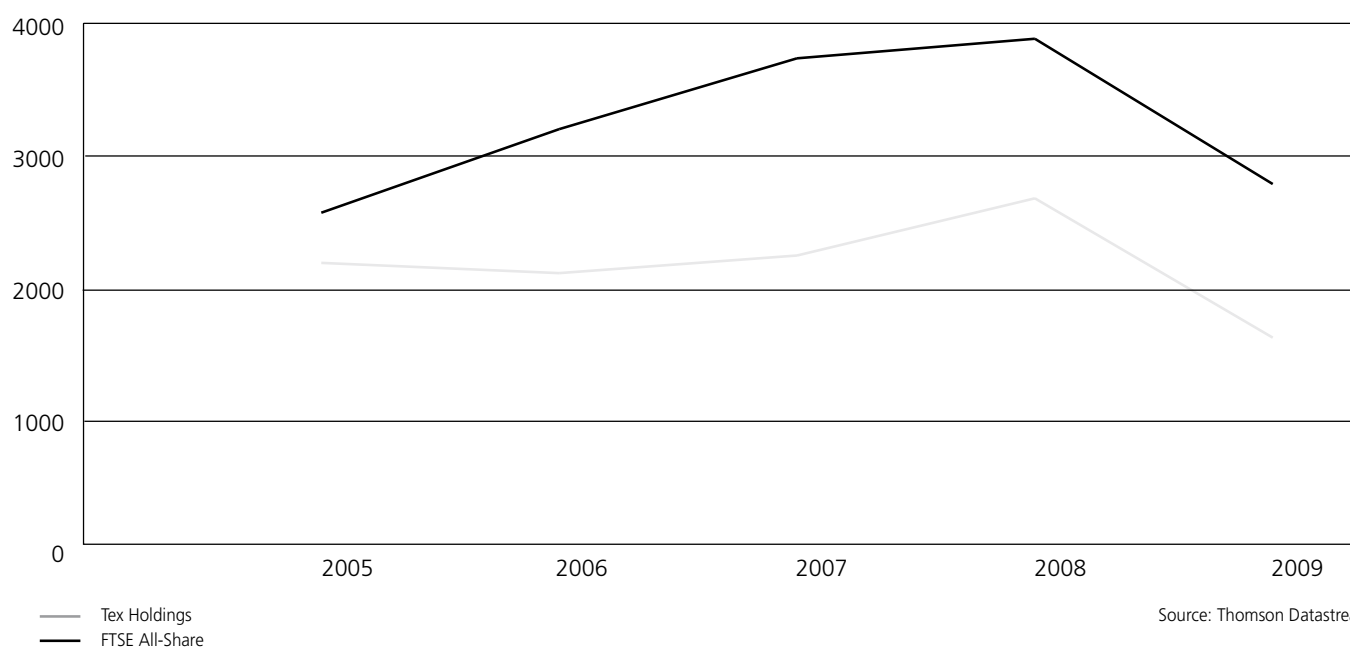
  

	G Rowlands	
	Year ended 31/12/09 £	Year ended 31/12/08 £
Salary/Fees	—	226,114
Bonus	—	—
Healthcare	—	861
	—	226,975

## Share options

No options were granted to M J Cadbury, any other Director, or any other employee during the year.

## Performance graph



The index selected was FTSE All-Share as it was considered to be the most appropriate comparison for the Tex Holdings plc Group performance, as the Group operations cover a range of industries.

Approved by the Board

**A R B Burrows**

7th April 2010



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEX HOLDINGS PLC

We have audited the financial statements of Tex Holdings plc for the year ended 31st December 2009 which comprise the Group Income Statement, the Group and Parent Company Statements of Recognised Income and Expense, the Group and Parent Company Balance Sheets, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flow Statements and the related notes. 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 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Statement of Directors' Responsibilities set out on page 16, 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 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 Group's and the Parent 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.

## **Opinion on financial statements**

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31st December 2009 and of the Group's and the Parent Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 16, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

**David Whitehead FCA (Senior Statutory Auditor)  
for and on behalf of Larking Gowen Limited**

Chartered Accountants

Statutory Auditors

Unit 41

Claydon Business Park

Gipping Road

Great Blakenham

Ipswich

Suffolk IP6 0NL

7th April 2010

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2009

	Notes	Year ended 31/12/09 £000	Year ended 31/12/08 £000
<b>Revenue</b>	2	<b>33,013</b>	35,761
Cost of sales		<b>(24,947)</b>	(26,741)
<b>Gross profit</b>		<b>8,066</b>	9,020
Selling and marketing costs		<b>(495)</b>	(879)
Other administrative expenses		<b>(6,880)</b>	(7,256)
Restructuring costs		<b>–</b>	(377)
Administrative expenses		<b>(6,880)</b>	(7,633)
<b>Operating profit</b>	2–6	<b>691</b>	508
Finance costs	7	<b>(273)</b>	(109)
<b>Profit before tax</b>		<b>418</b>	399
Taxation	8	<b>(134)</b>	(280)
<b>Profit for the year attributable to the equity holders of the Parent</b>		<b>284</b>	119
<b>Earnings per share</b>			
Basic and diluted	10	<b>4.5p</b>	1.9p

## STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31st DECEMBER 2009

Group	Year ended 31/12/09 £000	Year ended 31/12/08 £000
<b>Profit for the year</b>	<b>284</b>	119
Actuarial gains and losses on defined benefit pension plans	<b>82</b>	(2,604)
Tax recognised on income and expense recognised directly in equity	<b>(23)</b>	729
<b>Net income/(expense) recognised directly in equity</b>	<b>59</b>	(1,875)
<b>Total recognised income and expense attributable to the equity holders of the Parent</b>	<b>343</b>	(1,756)

Company	Year ended 31/12/09 £000	Year ended 31/12/08 £000
<b>Profit for the year</b>	<b>372</b>	366
Actuarial gains and losses on defined benefit pension plans	<b>82</b>	(2,604)
Tax recognised on income and expense recognised directly in equity	<b>(23)</b>	729
<b>Net income/(expense) recognised directly in equity</b>	<b>59</b>	(1,875)
<b>Total recognised income and expense attributable to the equity holders of the Parent</b>	<b>431</b>	(1,509)

# BALANCE SHEETS

AT 31st DECEMBER 2009

	Notes	Group 31/12/09 £000	31/12/08 £000	Company 31/12/09 £000	31/12/08 £000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	6,104	6,599	5	9
Intangible assets	12	218	318	–	–
Investments	13	–	–	11,387	11,814
Deferred tax assets	14	145	125	614	646
		6,467	7,042	12,006	12,469
<b>Current assets</b>					
Stocks	15	5,234	5,409	–	–
Tax receivable		–	–	–	–
Trade and other receivables	16	7,229	6,358	394	393
Cash and cash equivalents	17	38	–	–	–
		12,501	11,767	394	393
<b>Total assets</b>		<b>18,968</b>	<b>18,809</b>	<b>12,400</b>	<b>12,862</b>
<b>Equity</b>					
<b>Capital and reserves attributable to the equity holders of the Parent</b>					
Share capital	19	635	635	635	635
Other reserves		2,906	2,906	3,883	3,883
Retained earnings		2,788	2,572	1,770	1,466
<b>Total equity</b>		<b>6,329</b>	<b>6,113</b>	<b>6,288</b>	<b>5,984</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Other interest-bearing loans and borrowings	20	2,628	1,692	1,251	285
Employee benefits	25	2,206	2,308	2,206	2,308
Deferred tax liabilities	14	–	–	–	–
		4,834	4,000	3,457	2,593
<b>Current liabilities</b>					
Bank overdraft	18	–	1,703	1,306	3,642
Other interest-bearing loans and borrowings	20	869	215	699	32
Trade and other payables	21	6,647	6,508	407	440
Tax payable		289	270	243	171
		7,805	8,696	2,655	4,285
<b>Total liabilities</b>		<b>12,639</b>	<b>12,696</b>	<b>6,112</b>	<b>6,878</b>
<b>Total equity and liabilities</b>		<b>18,968</b>	<b>18,809</b>	<b>12,400</b>	<b>12,862</b>

These financial statements were approved by the Board of Directors on 7th April 2010 and were signed on its behalf by:

**A R B Burrows**  
Director

**M J Cadbury**  
Director



# STATEMENT OF CHANGES IN EQUITY

AT 31st DECEMBER 2009

Group	Share capital £000	Capital reserve £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 1st January 2008	635	16	2,890	4,867	8,408
Profit for the period	—	—	—	119	119
Pension fund actuarial movement net of tax	—	—	—	(1,875)	(1,875)
Dividends paid	—	—	—	(539)	(539)
<b>Balance at 1st January 2009</b>	<b>635</b>	<b>16</b>	<b>2,890</b>	<b>2,572</b>	<b>6,113</b>
Profit for the period	—	—	—	284	284
Pension fund actuarial movement net of tax	—	—	—	59	59
Dividends paid	—	—	—	(127)	(127)
<b>Balance at 31st December 2009</b>	<b>635</b>	<b>16</b>	<b>2,890</b>	<b>2,788</b>	<b>6,329</b>

The aggregate current and deferred tax relating to items that are charged or credited to equity is £23,000 (2008: £729,000).

All the amounts are attributable to the equity holders of the Parent.

Company	Share capital £000	Capital reserve £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 1st January 2008	635	993	2,890	3,514	8,032
Profit for the period	—	—	—	366	366
Pension fund actuarial movement net of tax	—	—	—	(1,875)	(1,875)
Dividends paid	—	—	—	(539)	(539)
<b>Balance at 1st January 2009</b>	<b>635</b>	<b>993</b>	<b>2,890</b>	<b>1,466</b>	<b>5,984</b>
Profit for the period	—	—	—	372	372
Pension fund actuarial movement net of tax	—	—	—	59	59
Dividends paid	—	—	—	(127)	(127)
<b>Balance at 31st December 2009</b>	<b>635</b>	<b>993</b>	<b>2,890</b>	<b>1,770</b>	<b>6,288</b>

The aggregate current and deferred tax relating to items that are charged or credited to equity is £23,000 (2008: £729,000).

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2009

	Group		Company	
	Year ended 31/12/09 £000	Year ended 31/12/08 £000	Year ended 31/12/09 £000	Year ended 31/12/08 £000
<b>Cash flows from operating activities</b>				
Profit for the year	284	119	372	366
Adjustments for:				
Dividends received	–	–	–	–
Depreciation	988	1,043	4	6
Goodwill impairment	100	102	–	–
Financial expense	273	109	217	35
Loss on sale of property plant and equipment	–	182	–	–
Taxation	134	280	166	178
	<b>1,779</b>	<b>1,835</b>	<b>759</b>	<b>585</b>
(Increase)/decrease in trade and other receivables	(871)	3,329	(1)	18
Decrease in stock	175	(60)	–	–
Increase/(decrease) in trade and other payables	139	(2,158)	(33)	(38)
Decrease in employee benefits	(150)	(178)	(150)	(178)
	<b>1,072</b>	<b>2,768</b>	<b>575</b>	<b>387</b>
<b>Cash generated from operations</b>	<b>1,072</b>	<b>2,768</b>	<b>575</b>	<b>387</b>
Income tax (paid)/refunded	(158)	(290)	(85)	117
<b>Net cash generated from operating activities</b>	<b>914</b>	<b>2,478</b>	<b>490</b>	<b>504</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment (PPE)	(520)	(805)	–	(4)
Purchase of goodwill	–	(168)	–	–
Proceeds from sale of PPE	27	98	–	–
Dividends received	–	–	–	–
Investment loans to subsidiaries	–	–	427	(251)
	<b>(493)</b>	<b>(875)</b>	<b>427</b>	<b>(255)</b>
<b>Net cash used in investing activities</b>	<b>(493)</b>	<b>(875)</b>	<b>427</b>	<b>(255)</b>
<b>Cash flows from financing activities</b>				
New borrowings	2,219	–	2,000	–
Repayments of borrowings	(367)	(33)	(367)	(33)
Finance lease payments	(262)	(173)	–	–
Interest paid	(143)	(228)	(87)	(154)
Dividends paid to Company's shareholders	(127)	(539)	(127)	(539)
	<b>1,320</b>	<b>(973)</b>	<b>1,419</b>	<b>(726)</b>
<b>Net cash used in financing activities</b>	<b>1,320</b>	<b>(973)</b>	<b>1,419</b>	<b>(726)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,741</b>	<b>630</b>	<b>2,336</b>	<b>(477)</b>
Cash and cash equivalents at beginning of the year	(1,703)	(2,333)	(3,642)	(3,165)
<b>Cash and cash equivalents at end of the year</b>	<b>38</b>	<b>(1,703)</b>	<b>(1,306)</b>	<b>(3,642)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2009

## 1 Accounting policies

Tex Holdings plc is a company incorporated in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The Parent Company financial statements present information about the Company as a separate entity.

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### Judgements and estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 1 – Measurement of the recoverable amounts of cash-generating units (CGUs) containing goodwill

Note 16 – Impairment of trade debtors

Note 15 – Provision of obsolete stock

Note 25 – Retirement benefit plans

The Group has adopted the following new and amended IFRSs as of 1st January 2009:

IFRS 7 "Financial instruments – Disclosures" (amendment) – (effective 1st January 2009). The relevant amendment requires enhanced disclosures about liquidity risk.

IAS 1 (revised). "Presentation of financial statements" – (effective 1st January 2009). As a result the Group now presents the consolidated statement on changes in equity as a primary statement rather than in the notes to the accounts.

IFRS 2 (amendment). "Share-based payment" – (effective 1st January 2009). This deals with the vesting conditions and cancellations. The Group and Company has adopted IFRS 2 (amendment) from 1st January 2009. The amendment does not have a material impact on the Group or Company's financial statements for the year.

IAS 23 (revised). "Borrowing costs" – (effective 1st January 2009). In respect of borrowing cost relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group previously recognised all borrowing costs as an expense immediately. The amendment does not have a material impact on the Group or Company's financial statements for the year.

At the date of authorisation of these financial statements, the following Standards and amendments to existing standards have been published and are mandatory for, and may be relevant to, the Group's accounting periods beginning on or after 1st January 2010 or later periods, but the Group has not early adopted them:

IFRS 3 (revised), "Business combinations" – (effective from 1st July 2009). The revised standard continues to apply the acquisition method to business combination with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1st January 2010.

The following amendments are part of the IASB's annual improvements project published in April 2009 and provide relevant clarifications that are not expected to result in a material impact on the Group or Company's financial statements:

IAS 38 (amendment), "Intangible Assets".

IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations".

IAS 1 (amendment), "Presentation of financial statements".

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **Basis of consolidation**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Classification of financial instruments issued by the Group**

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

#### **Intra-group financial instruments**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 1 Accounting policies continued

### Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value prior to 1st April 2004, the date of transition to Adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- buildings 50 years
- plant and machinery 5 to 15 years
- motor vehicles 4 years
- fixtures and fittings 2 to 10 years

Depreciation methods, useful lives and residual values are re-assessed at least annually.

### Intangible assets and goodwill

Goodwill represents the excess of the cost of the acquisition of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. There have been no acquisitions since the date of transition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 1st April 2004, goodwill is included at transition date on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On the date of transition the amortisation of goodwill ceased.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to Tex Engineering in the Engineering Division (note 12).

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates, using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on no estimated growth.

The rate used to discount the forecast cash flows from Tex Engineering is 13.0% (2008: 13.0%).

### **Impairment**

The carrying amounts of the Group's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### *Calculation of recoverable amount*

The recoverable amount of the Group's receivables are carried at amortised cost which is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist or has decreased, as a result of a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### *Research*

Expenditure on research activities is recognised in the income statement as an expense as incurred.

### **Trade and other receivables**

Trade and other receivables are stated initially at fair value, then subsequently at amortised cost less impairment losses.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete or slow-moving items where appropriate.

### **Investments**

Fixed asset investments are shown at cost less provision for impairment and less any dividends out of pre-acquisition reserves.

### **Trade and other payables**

Trade and other payables are stated initially at fair value, then subsequently at amortised cost.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## **1 Accounting policies** continued

### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### **Employee benefits**

#### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service costs, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

In respect of actuarial gains and losses that arise, the Group recognises them in the period they occur directly into equity through the statement of recognised income and expense.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Group operates a Group-wide defined benefit pension plan. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is Tex Holdings plc.

### **Revenue**

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered or title has transferred to the buyer.

### **Expenses**

#### *Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

#### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### *Net financing costs*

Net financing costs comprise interest payable and finance leases and interest receivable on funds invested that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

### **Segment reporting**

A segment is a distinguishable component of the Group that is engaged in providing different products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

## Dividends

Dividends are recognised as a liability only in the period in which they are approved.

## Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

## Derivative financial instruments

Derivative financial instruments are recognised at fair value, with any gain or loss arising from remeasurement of the fair value being recognised in the profit and loss account.

## 2 Revenue

An analysis of the Group's revenue for the year is as follows:

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Plastics	16,600	19,254
Engineering	12,773	11,623
Boards & Panels	3,640	4,884
	<b>33,013</b>	35,761

## 3 Business and geographical segments

For management purposes, the Group is currently organised into three divisions – Engineering, Plastics and Boards & Panels. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

### Engineering

– Design and manufacture of a proprietary range of piling and dynamic compaction equipment for the ground engineering sector, manufacture and sale of Trojan Asphalt Mixers, road surfacing and associated equipment and spares, Mobility Scooter Stores, Allied Kiosks and Enclosures, Industrial Gas Burners, Springwood white lining equipment, marketing and distribution of Fibertex Geotextiles, Marine diesel engine and governor rebuilding, parts supply and technical support, design and manufacture and installation of air traffic control rooms and frequency blocking glazing and design and manufacture of specialist engineering equipment for the in-situ production of battery cast concrete building panels.

### Plastics

– Precision injection moulding, assembly and finishing services.

### Boards & Panels

– Manufacture and sale of boards and panels.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 3 Business and geographical segments continued

Segment information about the Group's continuing operations is presented below:

	Plastics £000	Engineering £000	Boards & Panels £000	Total for continuing operations £000
<b>2009</b>				
<b>Revenue</b>				
External sales	16,600	12,773	3,640	33,013
Inter-segment sales	–	–	–	–
Total revenue from continuing operations	16,600	12,773	3,640	33,013
<b>Result</b>				
Segment result from continuing operations	485	662	(238)	909
Expenses pertaining to the Company				(218)
Operating profit				691
Finance costs				(273)
Profit before tax				418
Taxation				(134)
Profit for the year from continuing operations				284

## Other information

	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
<b>2009</b>					
Capital additions	169	300	51	–	520
Depreciation	645	140	154	49	988
Impairment losses recognised in profit and loss	–	100	–	–	100

## Balance Sheet 31st December 2009

	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
<b>Assets</b>					
Segment assets	9,426	7,422	2,541	(421)	18,968
<b>Liabilities</b>					
Segment liabilities	7,413	7,820	2,464	(5,058)	12,639



	Plastics £000	Engineering £000	Boards & Panels £000	Total for continuing operations £000
<b>2008</b>				
<b>Revenue</b>				
External sales	19,254	11,623	4,884	35,761
Inter segment sales	—	—	—	—
Total revenue from continuing operations	19,254	11,623	4,884	35,761
<b>Result</b>				
Segment result from continuing operations	748	1,014	(675)	1,087
Expenses pertaining to the Company				(579)
Operating profit				508
Finance costs				(109)
Profit before tax				399
Income tax expense				(280)
Profit for the year from continuing operations				119

#### Other information

	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
<b>2008</b>					
Capital additions	418	340	43	4	805
Depreciation	656	120	216	51	1,043
Impairment losses recognised in profit and loss	—	102	—	—	102

#### Balance sheet 31st December 2008

	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
<b>Assets</b>					
Segment assets	9,516	7,602	2,648	(957)	18,809
<b>Liabilities</b>					
Segment liabilities	7,514	8,343	2,283	(5,444)	12,696

#### Geographical segments

The Group's operations are located in the United Kingdom.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin on the goods/services.

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Eurozone	1,898	1,685
UK	25,039	28,836
US	1,851	1,908
Other countries	4,225	3,332
	<b>33,013</b>	35,761

All the Group's assets are located in the United Kingdom.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 4 Expenses and auditors' remuneration

Included in profit/loss are the following:

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Research expensed as incurred included in administrative expenses	231	237
Exchange (gain)/loss included in administrative expenses	(164)	(232)
Audit of Parent Company financial statements (2008 fees relate to KPMG)	5	9
Audit of financial statements of subsidiaries (2008 fees relate to KPMG)	43	75
Amounts receivable by auditors and their associates in respect of:		
– Other services relating to taxation (2008 fees relate to KPMG)	5	22
– Audit of the Group pension scheme (All fees payable to KPMG)	3	3
Hire of plant and machinery – rentals payable under operating leases	117	214
Hire of other assets – operating leases	337	300
Impairment loss on goodwill	100	102

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

## 5 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Group		Company	
	Year ended 31/12/09 £000	Year ended 31/12/08 £000	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Administration	88	101	8	9
Manufacturing	347	378	–	–
	435	479	8	9

The aggregate payroll costs of these persons was as follows:

	Group		Company	
	Year ended 31/12/09 £000	Year ended 31/12/08 £000	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Wages and salaries	8,202	9,717	277	458
Social security costs	657	819	24	52
Other pension costs	335	381	181	219
	9,194	10,917	482	729

## 6 Directors' emoluments

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Directors' emoluments	101	302
Company contributions to money purchase pension plans	–	15
	101	317

The aggregate of emoluments of the highest paid Director was £57,000 (2008: £247,000), and Company pension contributions of £Nil (2008: £11,250) were made to a money purchase scheme on his behalf.

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	–	1
Defined benefit schemes	–	–

All the Directors benefit from Directors' and Officers' third party insurance cover.

## 7 Finance expenses

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Interest on bank overdrafts and loans	87	154
Interest on pension scheme deficit	130	(119)
Interest on obligations under finance leases	56	74
<b>Finance expense</b>	<b>273</b>	<b>109</b>

Further details of the interest on the pension scheme deficit is disclosed in note 25.

## 8 Taxation

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
<b>Current tax</b>		
Current year	189	166
Adjustments for prior year	(12)	13
	177	179
<b>Deferred tax (note 14)</b>		
Origination and reversal of temporary differences	(43)	18
Adjustments for prior years	–	83
Benefit of tax (gains)/losses recognised	–	–
	(43)	101
<b>Total tax in income statement</b>	<b>134</b>	<b>280</b>

Domestic income tax is calculated at 28.0% (2008: 28.5%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Profit before tax	418	399
Tax at the domestic income tax rate of 28.0% (2008: 28.5%)	117	143
Non-deductible expenses	15	(11)
Tax effect of utilisation of tax losses not previously recognised	–	–
Other	(14)	23
Goodwill impairment	28	29
Adjustments for prior years	(12)	96
<b>Tax expense and effective tax rate for the year</b>	<b>134</b>	<b>280</b>

In addition to the income tax expense charged to profit or loss, a deferred tax charge of £23,000 (2008: credit of £729,000) has been recognised in equity in the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 9 Dividends

On 25th July 2008, a dividend of 4.0 pence per share (total dividend £254,000) was paid to shareholders. On 13th October 2008, the dividend paid was 4.5 pence per share (total dividend £285,000).

On 24th July 2009, a dividend of 1.0 pence per share (total dividend £63,000) was paid to shareholders. On 12th October 2009 a dividend of 1.0 pence per share was paid (total dividend £63,000).

In respect of the current year, the Directors propose that a dividend of 1.0 pence per share will be paid to shareholders on 23rd July 2010. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 18th June 2010. The total estimated dividend to be paid is £63,000.

## 10 Earnings per share

Basic and diluted earnings per share of 4.5 pence (2008: 1.9 pence) is based on the following data:

### Earnings

	Year ended 31/12/09 £000	Year ended 31/12/08 £000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Parent)	284	119

### Number of shares

	Year ended 31/12/09	Year ended 31/12/08
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	6,351,452	6,351,452

## 11 Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Vehicles £000	Furniture, fittings and equipment £000	Total £000
<b>Cost or deemed cost</b>					
Balance at 1st January 2008	4,515	11,953	36	541	17,045
Additions	2	737	–	66	805
Disposals	–	(834)	–	–	(834)
Balance at 31st December 2008	4,517	11,856	36	607	17,016
Balance at 1st January 2009	4,517	11,856	36	607	17,016
Additions	19	419	46	36	520
Disposals	–	(356)	(30)	–	(386)
<b>Balance at 31st December 2009</b>	<b>4,536</b>	<b>11,919</b>	<b>52</b>	<b>643</b>	<b>17,150</b>
<b>Depreciation and impairment</b>					
Balance at 1st January 2008	1,369	8,049	36	474	9,928
Charge for the year	90	887	–	66	1,043
Disposals	–	(554)	–	–	(554)
Balance at 31st December 2008	1,459	8,382	36	540	10,417
Balance at 1st January 2009	1,459	8,382	36	540	10,417
Charge for the year	88	847	7	46	988
Disposals	–	(330)	(29)	–	(359)
<b>Balance at 31st December 2009</b>	<b>1,547</b>	<b>8,899</b>	<b>14</b>	<b>586</b>	<b>11,046</b>
<b>Net book value</b>					
At 1st January 2008	3,146	3,904	–	67	7,117
At 31st December 2008 and 1st January 2009	3,058	3,474	–	67	6,599
<b>At 31st December 2009</b>	<b>2,989</b>	<b>3,020</b>	<b>38</b>	<b>57</b>	<b>6,104</b>

The carrying amount of the Group's fixtures, equipment, plant and machinery includes an amount of £663,000 (2008: £850,000) in respect of assets held under finance leases.

In accordance with IFRS 1 the Group has treated the revalued carrying value as at the transition date as the opening deemed cost for land and buildings.

No interest was capitalised during the year (2008: £Nil).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 11 Property, plant and equipment continued

Company	Land and buildings £000	Furniture, fittings and equipment £000	Total £000
<b>Cost</b>			
Balance at 1st January 2008	10	40	50
Additions	–	4	4
Disposals	–	–	–
Balance at 31st December 2008	10	44	54
Balance at 1st January 2009	10	44	54
Additions	–	–	–
Disposals	–	–	–
<b>Balance at 31st December 2009</b>	<b>10</b>	<b>44</b>	<b>54</b>
<b>Depreciation and impairment</b>			
Balance at 1st January 2008	8	31	39
Charge for the year	2	4	6
Disposals	–	–	–
Balance at 31st December 2008	10	35	45
Balance at 1st January 2009	10	35	45
Charge for the year	–	4	4
Disposals	–	–	–
<b>Balance at 31st December 2009</b>	<b>10</b>	<b>39</b>	<b>49</b>
<b>Net book value</b>			
At 1st January 2008	2	9	11
At 31st December 2008 and 1st January 2009	–	9	9
<b>At 31st December 2009</b>	<b>–</b>	<b>5</b>	<b>5</b>

## 12 Intangible assets – Group

	Goodwill £000
<b>Cost</b>	
Balance at 1st January 2008	252
Additions	168
Balance at 31st December 2008	420
Balance at 1st January 2009	420
Additions	–
<b>Balance at 31st December 2009</b>	<b>420</b>
<b>Impairment</b>	
Balance at 1st January 2008	–
Impairment	102
Balance at 31st December 2008	102
Balance at 1st January 2009	102
Impairment	100
<b>Balance at 31st December 2009</b>	<b>202</b>
<b>Net book value</b>	
At 1st January 2008	252
At 31st December 2008 and 1st January 2009	318
<b>At 31st December 2009</b>	<b>218</b>

On 1st June 2003 the Group acquired the trade and assets of Bitmen Products Limited and Trojan Asphalt Mixers Limited. Deemed cost has been incorporated as being the net book value of goodwill at the date of transition. All of the above goodwill relates to this transaction. The movement in the year represents the excess of the final payment over the original minimum sum payable.

The recoverable amount has been determined based on value-in-use. The value-in-use is based on the CGU achieving its budgeted cash flow. The budget assumes a year of consolidation following the recent growth. This period of growth had an impact on profitability. The cash flows have been projected over a five year period assuming static sales. The discount rate applied is 13.0%.

### 13 Subsidiaries

The Company has the following investments in active subsidiaries:

Name of subsidiary	Principal activity
Tex Industrial Plastics Ltd	Precision injection moulding and finishing services; tooling procurement.
Tex Plastic Products Ltd	Precision injection moulding and assembly services; tooling procurement.
BSP International Foundations Ltd	Design and manufacture of a proprietary range of piling and dynamic compaction equipment for the ground engineering sector.
Tex Engineering Ltd	Manufacture and sale of Trojan Asphalt Mixers, road surfacing and associated equipment and spares, Mobility Scooter Stores, Allied Kiosks and Enclosures, Industrial Gas Burners, Springwood white lining equipment and marketing and distribution of Fibertex Geotextiles.
Eurotex International Ltd	Marine diesel engine and governor rebuilding, parts supply and technical support: engineering and procurement services.
Tex A.T.C. Services Ltd	Design, manufacture and installation of air traffic control rooms.
Tex Special Projects Ltd	Design and manufacture of bespoke and modular structures and radio frequency blocking glazing for both civilian and military applications.
Tex Industrialised Construction Systems Ltd	Design and manufacture of specialist engineering equipment for the in-situ production of battery cast concrete building panels.
QK Honeycomb Products Ltd	Manufacture and sale of boards and panels.
UK Mex and Associates Ltd	Supplier of diesel engine parts, complete engines and service exchange units, together with a technical support service to Mexico.
ADR Sales Ltd	The supply of airfield damage repair systems.

All companies are incorporated in Great Britain and carry out activities in the United Kingdom. Tex Holdings plc owns 100% of the ordinary share capital of the above companies. A full list of subsidiaries will be included in the next annual return.

Company	Shares in Group undertakings £000	Loans to Group undertakings £000	Total £000
<b>Cost</b>			
At 1st January 2009	3,621	11,496	15,117
Loan movement	—	(427)	(427)
<b>At 31st December 2009</b>	<b>3,621</b>	<b>11,069</b>	<b>14,690</b>
<b>Provisions</b>			
At 1st January 2009	1,543	1,760	3,303
Movement	—	—	—
<b>At 31st December 2009</b>	<b>1,543</b>	<b>1,760</b>	<b>3,303</b>
<b>Net book value</b>			
<b>At 31st December 2009</b>	<b>2,078</b>	<b>9,309</b>	<b>11,387</b>
At 31st December 2008	2,078	9,736	11,814

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 14 Deferred tax

### Group

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Property, plant and equipment	–	–	467	516
Intangible assets	–	–	–	–
Provisions	–	–	2	5
Employee benefits	(614)	(646)	–	–
Tax (assets)/liabilities	(614)	(646)	469	521
Net of tax liabilities/(assets)	469	521	(469)	(521)
Net tax (assets)/liabilities	(145)	(125)	–	–

### *Movement in deferred tax during the year*

	01/01/09 £000	Recognised in income £000	Recognised in equity £000	31/12/09 £000
Property, plant and equipment	516	(49)	–	467
Provisions	5	(3)	–	2
Employee benefits	(646)	9	23	(614)
	(125)	(43)	23	(145)

### *Movement in deferred tax during the prior year*

	01/01/08 £000	Recognised in income £000	Recognised in equity £000	31/12/08 £000
Property, plant and equipment	581	(65)	–	516
Provisions	5	–	–	5
Employee benefits	(83)	166	(729)	(646)
	503	101	(729)	(125)

## Company

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2009 £000	2008 £000	2009 £000	2008 £000
Property, plant and equipment	–	–	–	–
Employee benefits	614	646	–	–
Tax (assets)/liabilities	614	646	–	–
Net of tax liabilities/(assets)	–	–	–	–
Net tax (assets)/liabilities	614	646	–	–

### *Movement in deferred tax during the year*

	01/01/09 £000	Recognised in income £000	Recognised in equity £000	31/12/09 £000
Property, plant and equipment	–	–	–	–
Employee benefits	(646)	9	23	(614)
	(646)	9	23	(614)

### *Movement in deferred tax during the prior year*

	01/01/08 £000	Recognised in income £000	Recognised in equity £000	31/12/08 £000
Property, plant and equipment	—	—	—	—
Employee benefits	(23)	106	(729)	(646)
	(23)	106	(729)	(646)

### **15 Stock**

	<b>Group</b>		<b>Company</b>	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Raw materials	<b>2,368</b>	2,143	—	—
Work-in-progress	<b>499</b>	717	—	—
Finished goods	<b>2,367</b>	2,549	—	—
	<b>5,234</b>	5,409	—	—

During 2009 stock expensed was £24,947,000, (2008: £26,741,000) and the amount provided in the year was (£454,000) (2008: £333,000).

### **16 Other financial assets** **Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Amounts receivable from the sale of goods	<b>6,033</b>	5,397	<b>1</b>	—
Amounts receivable from related parties	—	—	<b>152</b>	148
Other debtors and prepayments	<b>1,196</b>	961	<b>241</b>	245
	<b>7,229</b>	6,358	<b>394</b>	393

The Directors consider that the carrying amount of trade and other receivables approximates their fair value, after incorporating an impairment provision of £87,000 (2008: £55,000).

#### **Credit risk**

The Group's principal financial assets are bank balances and cash and trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 16 Other financial assets continued

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Eurozone	257	155	–	–
UK	4,843	3,803	–	–
US	452	285	–	–
Other countries	568	1,209	–	–
	6,120	5,452	–	–

The ageing of receivables at the reporting date was:

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Not past due	4,382	3,920	–	–
Past due 0–30 days	1,228	1,139	–	–
Past due 31–120 days	419	208	–	–
Balance up to one year	65	156	–	–
More than one year	26	29	–	–
	6,120	5,452	–	–

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Balance at 1st January	55	341	–	–
Impairment loss/(profit) recognised	32	(286)	–	–
Balance at 31st December	87	55	–	–

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables up to 180 days past due. Balances over 180 days overdue are reviewed on a case by case basis, taking into account receivables post year-end.

## 17 Cash and cash equivalents/bank overdrafts

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Cash and cash equivalents per balance sheet	38	–	–	–
Bank overdrafts	–	(1,703)	(1,306)	(3,642)
Cash and cash equivalents per cash flow statement	38	(1,703)	(1,306)	(3,642)

The Directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

## 18 Current bank overdrafts and loans

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Bank overdrafts	–	1,703	1,306	3,642
Bank loans and finance lease liabilities (note 20)	869	215	699	32
	869	1,918	2,005	3,674

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

All the Group's borrowings are denominated in Sterling.

The average interest rates paid were as follows:

	31/12/09	31/12/08
Bank overdrafts	5.3%	5.3%
Bank loans	7.3%	7.3%

Bank loans of £1,950,000 (2008: £317,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Bank overdrafts are repayable on demand. Overdrafts of £Nil (2008: £1,703,000) have been secured by a charge over the Group's assets. The average effective interest rate is determined based on 1.25% over bank base rate.

The Group has two principal bank loans:

- a loan of £301,000 (2008: £317,000). The loan was raised on 29th April 2003. Repayments commenced on 29th July 2003 and will continue until 29th April 2018. The loan is secured by a charge over certain of the Group's assets. The loan carries interest at 1.25% above the bank's base rate.
- a loan of £1,649,000 (2008: £Nil). The loan was raised on 22nd April 2009. Repayments commenced on 1st August 2009 and will continue until 29th April 2013. The loan is secured by a charge over certain of the Group's assets. The loan carries interest at 5.4%.

There were no defaults of the loans during the year.

At 31st December 2009, the Group had available £2,500,000 (2008: £2,297,000) of undrawn committed borrowing facilities.

## 19 Share capital

Group and Company	31/12/09 £000	31/12/08 £000
<b>Authorised:</b>		
8,000,000 ordinary shares of 10 pence each	800	800
<b>Issued and fully paid:</b>		
At the beginning and end of the year	635	635

The Company has one class of ordinary shares which carry no right to fixed income.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 20 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings.

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
<b>Non-current liabilities</b>				
Secured bank loans	1,251	285	1,251	285
Finance lease liabilities	1,377	1,407	–	–
	<b>2,628</b>	<b>1,692</b>	<b>1,251</b>	<b>285</b>
<b>Current liabilities</b>				
Current portion of secured bank loans	699	32	699	32
Current portion of finance lease liabilities	170	183	–	–
	<b>869</b>	<b>215</b>	<b>699</b>	<b>32</b>

For further detail relating to the bank loans above see note 18.

	Minimum lease payments		Present value of minimum lease payments	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Amounts payable under finance leases:				
Within one year	163	183	163	177
In the second to fifth years inclusive	1,356	1,415	1,356	1,235
	<b>1,519</b>	<b>1,598</b>	<b>1,519</b>	<b>1,412</b>

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is three years. For the year ended 31st December 2009, the average effective borrowing rate was 7.3% (2008: 7.3%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Sterling.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

## 21 Trade and other payables

	Group		Company	
	31/12/09 £000	31/12/08 £000	31/12/09 £000	31/12/08 £000
Trade payables due to related parties	–	–	–	–
Other trade payables	3,809	4,191	33	32
Social security and other taxes	509	566	27	77
Accrued expenses	2,329	1,751	347	331
	<b>6,647</b>	<b>6,508</b>	<b>407</b>	<b>440</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade payables approximates their fair value.

## 22 Contingent liabilities

- a) Legal mortgages over the freehold and long leasehold properties and a charge over all fixed and floating assets have been lodged with the Group's bank in connection with the Group's facilities.
- b) The Company together with certain other Group companies, has agreed jointly and severally to guarantee to National Westminster Bank PLC:
- i) the liabilities of each and every one of the joint guarantors of the Group overdraft facility which at 31st December 2009 was being utilised by other Group companies to the extent of £Nil (31st December 2008: £Nil);
  - ii) other banking facilities in respect of documentary credits, indemnities, guarantees, etc. entered into as part of the ordinary course of the Group's businesses, which at 31st December 2009 amounted to £Nil (31st December 2008: £Nil).

## 23 Capital commitments

Group capital commitments at the end of the financial period for which no provision has been made, are as follows:

	31/12/09 £000	31/12/08 £000
Authorised, but not contracted	—	—
Contracted	—	—

The Company had no capital commitments.

## 24 Operating lease arrangements

Future minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings 31/12/09 £000	Other 31/12/09 £000	Land and buildings 31/12/08 £000	Other 31/12/08 £000
Operating leases rental payments due:				
Within one year	292	—	210	—
In the second to fifth years inclusive	1,105	—	470	—
Over five years	3,653	—	2,367	—
	5,050	—	3,047	—

Company	Land and buildings 31/12/09 £000	Other 31/12/09 £000	Land and buildings 31/12/08 £000	Other 31/12/08 £000
Operating leases rental payments due:				
In the second to fifth years inclusive	48	—	48	—

Operating lease payments represent rentals payable by the Group for certain of its properties. Leases are negotiated for an average term of four years and rentals are fixed for an average of four years.

### Group

During the year £454,000 was recognised as an expense in the income statement in respect of operating leases (2008: £514,000).

### Company

During the year £22,000 was recognised as an expense in the income statement in respect of operating leases (2008: £22,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 25 Retirement benefit plans

### Defined benefit scheme

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme is closed to new members and was closed to benefit accruals from 6th April 2002. The assets of the Scheme are held separately from those of the Group in trustee administered funds. Contributions to the Scheme are charged to the income statement so as to spread the cost of pensions over employees' working lives with the Group. The level of contributions is determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to member's longevity, investment performance and the removal of tax credit on dividend income. The assumption contained in the last review presumed that the investment yield would be 2.2% greater than pensionable salary increases.

The most recent funding valuation at 6th April 2007, showed that the market value of the Scheme's assets was £11,935,000 which represented 105% of the benefits that had accrued to members after allowing for expected future increases in earnings. As recommended by the Actuary, the contribution rate was reduced from £18,000 per month to £12,500 per month.

The major assumptions used in this valuation were updated for IAS 19 purposes and are as follows:

	31/12/09	31/12/08
Discount rate	<b>5.70%</b>	5.50%
Expected return on plan assets	<b>6.43%</b>	5.50%
Expected rate of salary increases	<b>N/A</b>	N/A
Inflation	<b>3.70%</b>	3.10%
Pension cost of living increase	<b>3.80%</b>	3.25%

The expected return on plan assets at 31st December 2009 was 6.43% (2008: 6.43%).

In valuing the liabilities of the pension fund at 31st December 2009, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.0 years (male), 24.9 years (female).
- Future retiree upon reaching 65: 23.1 years (male), 25.9 years (female).

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement plan is as follows:

	31/12/09 £000	31/12/08 £000
Present value of funded obligations	<b>(12,546)</b>	(10,394)
Fair value of plan assets	<b>10,340</b>	8,086
Net liability recognised in the balance sheet	<b>(2,206)</b>	(2,308)

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	31/12/09 £000	31/12/08 £000
Interest on obligation	<b>(643)</b>	(633)
Expected return on plan assets	<b>513</b>	752
	<b>(130)</b>	119

The charge for the year is included in the finance charges in the income statement.

Cumulative actuarial gains and losses reported in the statement of recognised income and expenses since 1st April 2004, the transition date to Adopted IFRSs, are loss £595,000 (2008 loss: £677,000) and Company loss £595,000 (2008 loss : £677,000).

Changes in the present value of the defined benefit obligation are as follows:

	31/12/09 £000	31/12/08 £000
Opening defined benefit obligation	<b>10,394</b>	10,969
Interest cost	<b>643</b>	633
Benefit paid	<b>(357)</b>	(451)
Actuarial gain/(loss)	<b>1,866</b>	(757)
Defined benefit obligation at end of year	<b>12,546</b>	10,394

Changes in the fair value of plan assets are as follows:

	31/12/09 £000	31/12/08 £000
Fair value of plan assets at beginning of year	<b>8,087</b>	11,035
Expected return on plan assets	<b>513</b>	752
Total contributions employer	<b>150</b>	178
Benefits paid	<b>(357)</b>	(451)
Actuarial gain/(loss) occurred at end of year	<b>1,947</b>	(3,428)
Fair value of plan assets at end of year	<b>10,340</b>	8,086

The fair value of plan assets at the balance sheet date is analysed as follows:

	31/12/09 £000	31/12/08 £000
Equities	<b>4,505</b>	3,311
Bonds	<b>2,853</b>	1,777
Managed funds and endowments	<b>2,383</b>	2,115
Other	<b>599</b>	883
	<b>10,340</b>	8,086

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The expected rate of return on individual categories of plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio. The actual rate of return on the Scheme's investments was (30.4%).

The history of the plan for the current and prior period is as follows:

	31/12/09 £000	31/12/08 £000	31/12/07 £000	31/12/06 £000	31/12/05 £000
Present value of defined benefit obligation	<b>12,546</b>	10,394	10,969	11,694	11,974
Fair value of plan assets	<b>(10,340)</b>	(8,086)	(11,035)	(11,334)	(9,576)
	<b>2,206</b>	2,308	(66)	360	2,398
Experience gains and (losses) arising	<b>(396)</b>	16	461	(74)	(29)

The Group expects to contribute approximately £150,000 to its defined benefit plan in 2010.

#### Defined contribution scheme

The final salary scheme has been replaced with a Group Personal Pension plan. Eligible employees take out an individual contract with Standard Life to which the Company pays a fixed contribution.

The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £185,000 (2008: £203,000).

There were no outstanding or prepaid contributions at either beginning or end of the financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31st DECEMBER 2009

## 26 Related party transactions

The Company has a related party relationship with its subsidiaries and Directors.

A R B Burrows was a Director of Edward Le Bas Properties Limited through which the Group rents properties at normal commercial rates. Transactions during the period ended 31st December 2009 that require disclosure are detailed below:

Rentals paid	£206,000 (31st December 2008: £206,000)
Trade creditor	£Nil (31st December 2008: £Nil)

A R B Burrows is a trustee and a beneficiary of the Pension and Assurance Scheme of Edward Le Bas Limited which is a substantial shareholder in the Company.

Directors are considered to be the Group's key management personnel. Details regarding Directors' remuneration can be found on page 18 in the remuneration report.

Details of the principal subsidiary undertakings are shown in note 13.

During the year ended 31st December 2009 the Company received interest income from subsidiary undertakings of £925,000 (2008: £996,000) and dividends of £Nil (2008: £Nil).

At 31st December 2009 amounts owed by subsidiary undertakings to the Company were £153,000 (2008: £148,000).

At 31st December 2009 loans by the Company to subsidiary undertakings were £11,069,000 (2008: £11,497,000).

## 27 Accounting estimates and judgements

### Recoverability of certain assets/impairment calculations

Trade debtor balances more than six months old are provided for unless specific contractual terms allow for extended terms.

### Pension assumptions

The assumptions re the pension deficit are set out in note 25.

## 28 Financial instruments and risk management

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the Parent disclosed in the statement of changes in equity. The structure is managed to minimise the Group's cost of capital and to provide ongoing returns to shareholders and service debt obligations.

Surplus cash is either reinvested in the business, or used to repay debt. The Group maintains a conservative level of debt.

The Group is not subject to externally imposed capital requirements.

### Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 1.0% higher or lower and all other variables were held constant the Group's profit for the year ended 31st December 2009 and its equity at 31st December 2009 would decrease or increase by £27,000 in each case. This calculation applies a 1.0% variance in the average interest rate for the year on the variable rate borrowings. A 1.0% increase or decrease represents management's assessment of a reasonably possible change in interest rates.

### Liquidity risk

The Group manages liquidity risk by maintaining adequate borrowing facilities and by regularly monitoring forecast and actual cash flows.

### Foreign currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	GBP 000	31/12/09 USD 000	Euro 000	GBP 000	31/12/08 USD 000	Euro 000
Trade receivables	5,951	167	3	5,147	83	–
Secured bank loans	(2,120)	–	–	(310)	–	–
Trade payables	(3,639)	(23)	(147)	(3,742)	(25)	(162)
Gross balance sheet exposure	192	144	(144)	1,095	58	(162)
Estimated forecast sales	27,626	360	15	37,413	740	11
Estimated forecast purchases	(25,642)	(225)	(815)	(32,991)	(153)	(994)
Gross exposure	1,984	135	(800)	4,422	587	(983)
Net exposure	2,176	279	(944)	5,517	645	(1,145)

The following significant exchange rates applied during the year:

GBP	Average rate		Reporting date mid-spot rate	
	2009	2008	2009	2008
USD	1.5710	1.8455	1.6164	1.4461
Euro	1.1262	1.2468	1.1262	1.0258

### Sensitivity analysis

A 10.0% strengthening of the GBP against the following currencies at 31st December 2009 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is:

Effect in £000 31st December 2009	Profit or loss £000
USD	(6)
Euro	16
31st December 2008	
USD	(5)
Euro	15

A 10.0% weakening of the GBP against the above currencies at 31st December 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### 29 Hedging

The Group utilises forward currency contracts to hedge significant cash flows.

At the balance sheet date, the total fair value of the forward US\$ foreign exchange contracts was £Nil (2008: £7,859).

These arrangements were designed to address significant exchange exposures for the first half of 2009.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 64th Annual General Meeting of the Company will be held at Tex Holdings plc, Claydon Business Park, Gipping Road, Great Blakenham, Ipswich, Suffolk IP6 0NL on 14th June 2010 at 12:15pm for the following purposes:

- 1 To receive and adopt the Group accounts, together with the reports of the Directors and auditors, for the year ended 31st December 2009.
- 2 To approve the payment of a dividend of 1.0 pence per share to shareholders on the register as at 18th June 2010 with payment to be made on 23rd July 2010.
- 3 To re-elect as a Director A R B Burrows who retires by rotation.

A R B Burrows (age 71) is an industrialist. He is a Director of Le Bas Limited, IS & G (Holdings) Limited and 333 Holdings Limited.

- 4 To pass the following ordinary resolution:
  - i) That the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 and pursuant to Section 570 of the Companies Act 2006 to allot relevant securities within the meaning of Section 551 of the said Act up to an aggregate amount of £167,354.80 provided always that such activity (unless previously varied, revoked or reviewed) shall expire five years after the date on which the resolution is passed but shall allow the Company before such expiry to make an offer or agreement which would or might require any relevant securities that are covered by the scope of the authority to be allotted after such expiry.
- 5 To re-appoint Larking Gowen Limited as auditors and to authorise the Directors to fix their remuneration.

By order of the Board

**C A Parker**  
Secretary

#### Notes:

- 1 Holders of ordinary shares are entitled to attend and vote at the meeting;
- 2 A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on his behalf: a proxy need not be a member. The instrument appointing a proxy must be deposited with the registrars of the Company, Computershare Investor Services PLC, not less than 48 hours before the meeting;
- 3 During the period 7th April 2010 to the date of the Annual General Meeting there will be available for inspection at the Company's registered office during normal business hours and also at the place of the Annual General Meeting for 15 minutes prior to the meeting and during the meeting:
  - a) A statement of all transactions of each Director and of his family in the ordinary shares of the Company during the period 24th April 2009 to 7th April 2010; and
  - b) A copy of the Executive Director's contract of service with the Company.

# NOTES

# DIRECTORS AND ADVISORS

## **TEX HOLDINGS plc**

### **Parent Company**

#### *Directors*

A R B Burrows\* (Chairman)

M J Cadbury

*(Appointed Executive Director 12/01/09)*

C D Palmer-Tomkinson\*

\* (Non-Executive, Members of Audit and Remuneration Committees)

### **Company Secretary**

C A Parker

## **TEX GROUP LIMITED**

### **Management Company**

#### *Directors*

J Field

C A Parker

D Redhead

P W Stevenson

C T Varley

### **Registered Office**

Claydon Business Park  
Gipping Road  
Great Blakenham  
Ipswich  
Suffolk  
IP6 0NL  
United Kingdom

### **Registered number**

405838

### **Registrars**

Computershare Investor Services PLC

### **Auditors**

Larking Gowen Limited

### **Bankers**

National Westminster Bank PLC

### **Legal Advisors**

Birketts

# Group Addresses

## **Tex Holdings plc**

Claydon Business Park, Gipping Road,  
Great Blakenham, Ipswich, Suffolk IP6 0NL,  
United Kingdom  
Executive Director: Mr M J Cadbury  
Tel: 01473 830144  
Fax: 01473 832545  
[www.tex-holdings.co.uk](http://www.tex-holdings.co.uk)

## **Tex Industrial Plastics Ltd**

Wetherby Road, Derby DE24 8HL,  
United Kingdom  
Managing Director: Mr P W Stevenson  
Tel: 01332 363249  
Fax: 01332 292186  
[www.tex-plastics.co.uk](http://www.tex-plastics.co.uk)

## **Tex Plastic Products Ltd**

Aviemore Industrial Estate,  
Barnstaple, North Devon EX31 2EU,  
United Kingdom  
Managing Director: Mr C T Varley  
Tel: 01271 378528  
Fax: 01271 379230  
[www.tex-plastics.co.uk](http://www.tex-plastics.co.uk)

## **BSP International Foundations Ltd**

Claydon Business Park, Gipping Road,  
Great Blakenham, Ipswich, Suffolk IP6 0JD,  
United Kingdom  
Managing Director: Mr D Redhead  
Tel: 01473 830431  
Fax: 01473 832019  
[www.bsp-if.com](http://www.bsp-if.com)

## **Tex Engineering Ltd**

Unit 35, Claydon Business Park, Gipping Road,  
Great Blakenham, Ipswich, Suffolk IP6 0NL,  
United Kingdom  
Directors: Mr W S Chambers  
Mr D Ogden  
Tel: 01473 830030  
Fax: 01473 831664  
[www.tex-engineering.co.uk](http://www.tex-engineering.co.uk)

## **Tex A.T.C. Services Ltd**

Claydon Business Park, Gipping Road,  
Great Blakenham, Ipswich, Suffolk IP6 0NL,  
United Kingdom  
Executive Director: Mr M J Cadbury  
Tel: 01473 830144  
Fax: 01473 832545  
[www.tex-atc.co.uk](http://www.tex-atc.co.uk)

## **Tex Special Projects Ltd**

Claydon Business Park, Gipping Road,  
Great Blakenham, Ipswich, Suffolk IP6 0NL,  
United Kingdom  
Executive Director: Mr M J Cadbury  
Tel: 01473 830144  
Fax: 01473 832545

## **Eurotex International Ltd**

Unit 20, Shipyard Industrial Estate,  
Brightlingsea, Colchester, Essex CO7 0AR,  
United Kingdom  
Chairman: Mr T Kershaw  
Tel: 01206 304063  
Fax: 01206 304026  
[www.eurotex-intl.com](http://www.eurotex-intl.com)

## **Tex Industrialised Construction Systems Ltd**

Claydon Business Park, Gipping Road,  
Great Blakenham, Ipswich, Suffolk IP6 0NL,  
United Kingdom  
Executive Director: Mr M J Cadbury  
Tel: 01473 830144  
Fax: 01473 832545  
[www.tex-ics.co.uk](http://www.tex-ics.co.uk)

## **QK Honeycomb Products Ltd**

Creting Road, Stowmarket, Suffolk IP14 5AS,  
United Kingdom  
Managing Director: Mr J Field  
Tel: 01449 612145  
Fax: 01449 677604  
[www.qkhoneycomb.co.uk](http://www.qkhoneycomb.co.uk)



Claydon Business Park,  
Gipping Road, Great Blakenham,  
Ipswich, Suffolk IP6 0NL,  
United Kingdom

Tel: 01473 830144  
Fax: 01473 832545

[www.tex-holdings.co.uk](http://www.tex-holdings.co.uk)