TEX HOLDINGS plc

ENGINEERING

PLASTICS

BOARDS & PANELS

REPORT & ACCOUNTS

2011

“It has been another busy and demanding year, and I would like to thank staff at all levels in the Group for their contribution.”

A R B Burrows
Chairman

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FRONT COVER IMAGES

Main Image:
BSP CG210 driving 1.22m dia. piles in Western Australia

Inset Top to Bottom:
Steel profiles being cut at the BSP factory, UK

Overview of Mouldshop at Plastics Division, Derby

A current large contract being processed through the recently acquired edgebander at QK, Stowmarket

CHAIRMAN'S STATEMENT

Results and Operations
Tex Group sales for the 12 months to 31st December 2011 were £36.8m compared with £33.1m for 2010. The year to December 2011 was one of recovery for the Engineering Division which contributed a majority of the increase in turnover. Cost control combined with the additional turnover resulted in the 88% increase in operating profit to £1,600k.

Both the Plastics Division and the Engineering Division improved their sales levels. Pre-tax results improved in the Plastics Division, but the Engineering Division was impacted by the timing of long-term contracts and the associated profit recognition. The Board & Panels Division contracted but, as a result of cost control, was able to limit its operating loss.

Prospects and Dividend
The orders for the first quarter are satisfactory, but political uncertainties worldwide continue to give us concerns.

Our results have improved substantially over the year and we recommend an increase in the final dividend from 1.0 pence to 2.5 pence, making an overall increase for the year of 100% to 4.0 pence.

We have continued to strengthen our balance sheet for the second year running by retaining substantial earnings. These will be needed when our markets improve to support working capital.

In order to provide security of finance for the future and to take advantage of historically low interest rates, we have agreed with RBS a five year term loan of £2.0m. This was finalised in March 2012.

The final dividend will be paid, subject to shareholder approval, on 20th July 2012 to members on the register as at 22nd June 2012.

Staff
It has been another busy and demanding year, and I would like to thank staff at all levels in the Group for their contribution.

A R B Burrows
Chairman
26th March 2012

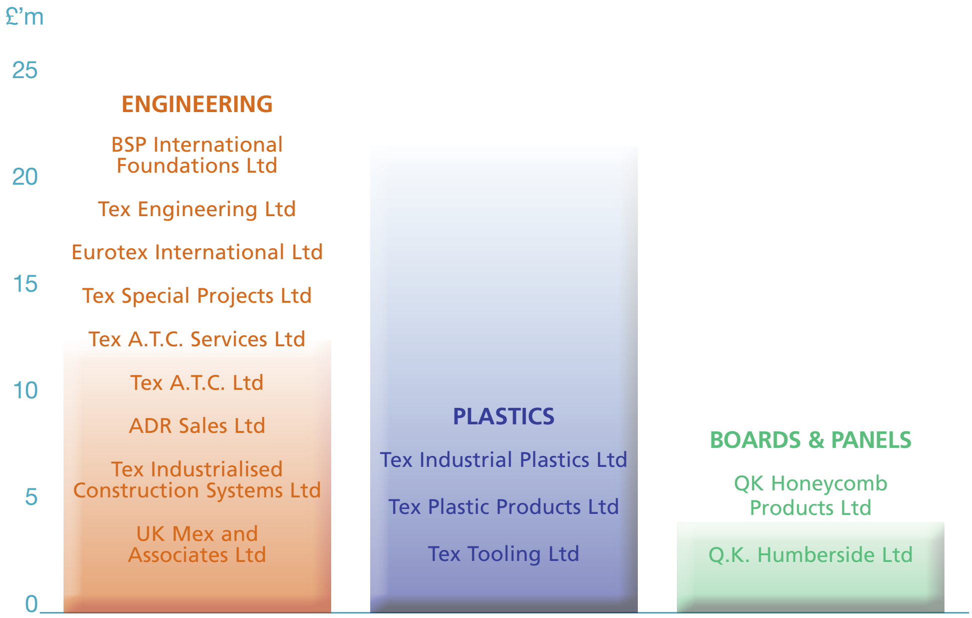
RESULTS IN BRIEF

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Revenue	**36,829**	33,103
Profit before taxation	**1,541**	688
Taxation	**(220)**	(130)
Profit on ordinary activities after taxation	**1,321**	558
Total equity	**6,753**	7,438
Net assets per share	**106p**	117p
Basic earnings per share	**20.8p**	8.8p
Diluted earnings per share	**20.8p**	8.8p
Dividends per share (based on interim dividend in the year and final dividend proposed)	**4.0p**	2.0p

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31/12/11 £000	Year ended 31/12/10 £000	Year ended 31/12/09 £000	Year ended 31/12/08 £000	Year ended 31/12/07 £000
Revenue	**36,829**	33,103	33,013	35,761	36,873
Profit before tax	**1,541**	688	418	399	1,226
Profit before tax as a percentage of revenue	**4.2%**	2.1%	1.3%	1.1%	3.3%
Profit after taxation	**1,321**	558	284	119	914
Basic earnings per ordinary share	**20.8p**	8.8p	4.5p	1.9p	14.4p
Diluted earnings per ordinary share	**20.8p**	8.8p	4.5p	1.9p	14.4p
Dividends per ordinary share (based on interim dividend in the year and final dividend proposed)	**4.0p**	2.0p	2.0p	5.5p	7.5p
Period end total equity	**6,753**	7,438	6,329	6,113	8,408
Profit before tax as a percentage return on average total equity	**21.7%**	10.0%	6.7%	5.5%	15.0%
Net assets per ordinary share	**106p**	117p	100p	96p	132p

TURNOVER BY DIVISION



CORPORATE SUMMARY

The Group results represent an improvement from the previous year's position.

As previously noted, the Group has benefited from the diversity of its operations and markets which has cushioned the impact of the local economic conditions in both the UK and Europe and enabled the Group to prepare itself when the eventual recovery takes place.

Looking ahead in 2012, strong control of cash flow and profitability should continue to be maintained. Contingency plans remain in place for additional cuts in costs should sales fall short of budgeted levels.

C A Parker
Executive Director
26 March 2012

ENGINEERING DIVISION

BSP International Foundations Limited

Design and manufacture of a proprietary range of piling and dynamic compaction equipment for the ground engineering sector.

The company turnover increased to £6.8m from the previous year's figure of £4.5m. This was through high export sales and customers placing orders for multiple units rather than single units which increased volume.

With the extra control over costs during the year and improved sales, funds employed have increased by 46%.

The level of enquiries has continued and to date, the company is on schedule to meet the budgeted level of trading.

Tex Engineering Limited

Manufacture and sale of road making and associated equipment and steel enclosures.

Tex Engineering sales returned to £2.3m from the previous year's fall. The company continued with the

BUSINESS REVIEW

Our Clients:

China Road & Bridge Co.

Menard

J. Murphy & Sons

Ching Soon Construction

Odebrecht

Simplex Infrastructures Limited

ThyssenKrupp

CRH

Balfour Beatty Infrastructure

National Grid

Tarmac National Contracting

Northstone (NI) Limited

Main Image:
BSP DX-RT 25 driving railway electrification stanchion piles, Manchester, UK

Inset L-R:
Parts being prepared for fabrication at BSP, UK

Complete Traffic Management Support Vehicle incorporating white lining equipment

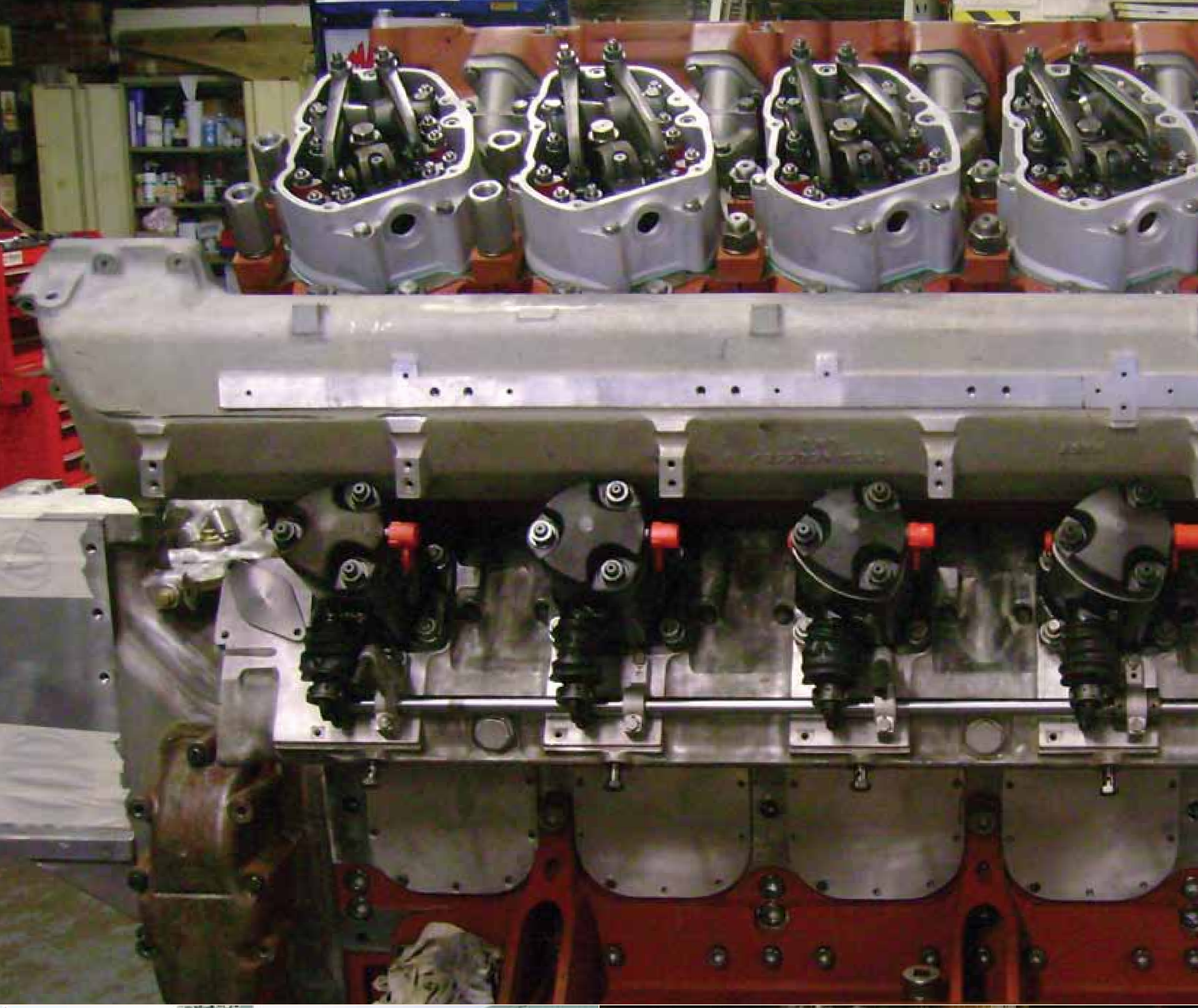
Right:
Boat trailer designed by RM Trailers for rapid assault craft

Right below:
CE95 pre-coated Chipspreader

restructuring which commenced last year and in November acquired the assets of RM Trailers, the supplier of the Chipspreader trailers. This has been absorbed into the company's operations and is making a positive contribution to the ongoing performance.

The operating profit before exceptional items was £40k compared with an operating loss before exceptional items of £127k in 2010.

2012 has opened positively with an increase in enquiry levels and the additional sales in respect of the RM Trailers business. The management team expect to continue the improvement in profitability.



ENGINEERING DIVISION CONTINUED

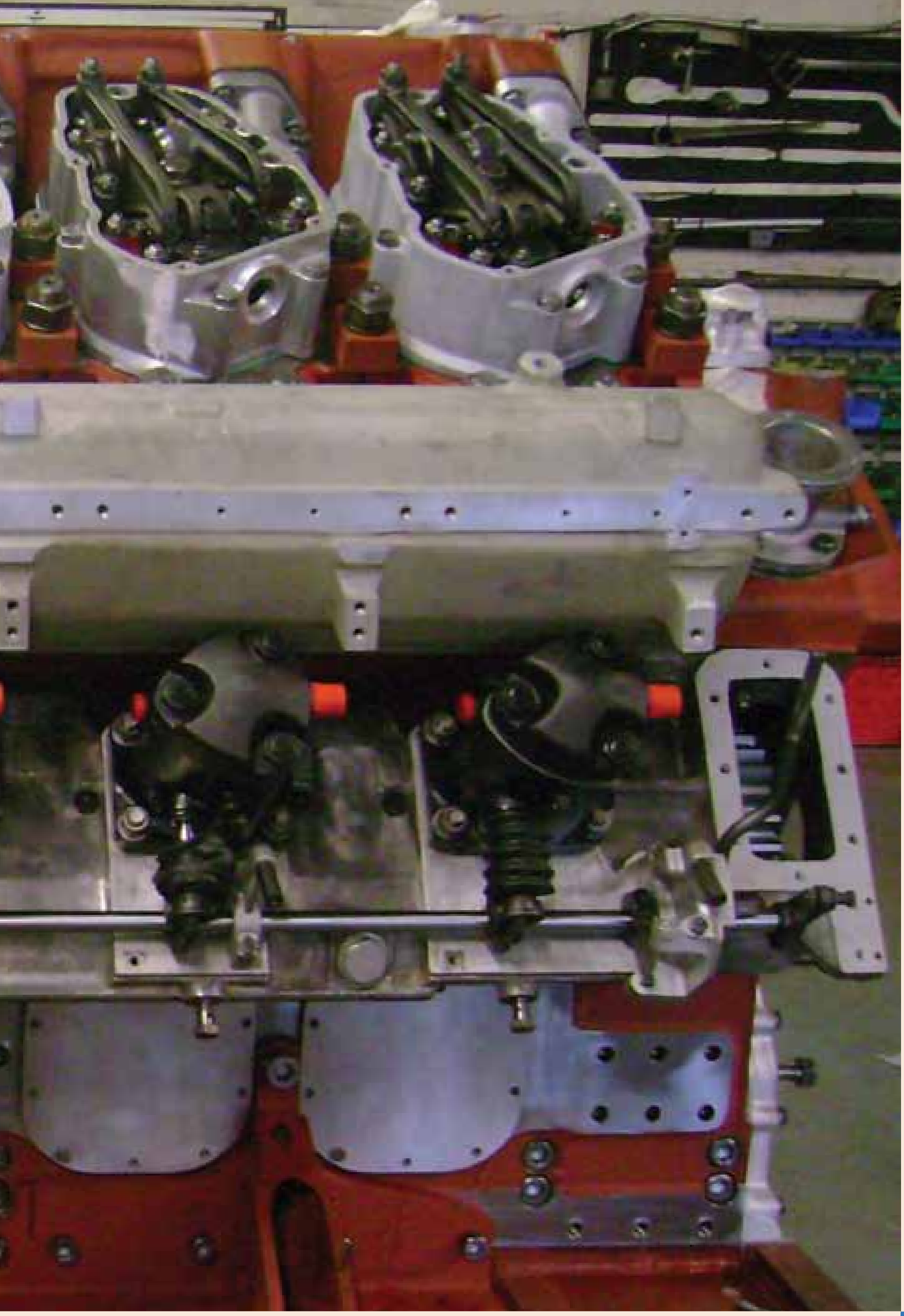
Eurotex International Limited
Marine diesel engine and governor rebuilding, parts supply and technical support: engineering and procurement services.

Eurotex recorded another year of solid performance with sales £300k up on the 2010 level. This, combined with an improvement in margins, resulted in operating profits increasing by 35%.

The company opened 2012 with an £800k order book, but as a result of the timing of deliveries, opening trading will be below expectations but with interesting enquiries worldwide we expect to see this business continue to grow in the near future.

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

The company is currently designing the control room for Muscat International Airport and finalising the designs for Manchester Airport's new control room.



BUSINESS REVIEW

Our Clients:

Various Navies and Coastguards around the world

Leafield Logistics Limited

BAE Systems Limited

Sri Lankan Government Railway

Carillion-Alawi LLC

Morgan Sindall

Debut (South West) Limited

Defence Estates

Thales Naval/Aircraft Carrier Alliance

Bohamet

Kinon Aachen Deutsche Glas GmBH

Main Image:
Paxman 12Y3J engine undergoing refurbishment by Eurotex International Ltd

Inset L-R:
Two refurbished Paxman 6RP200M(E) being prepared for despatch

Pistons ready for assembly

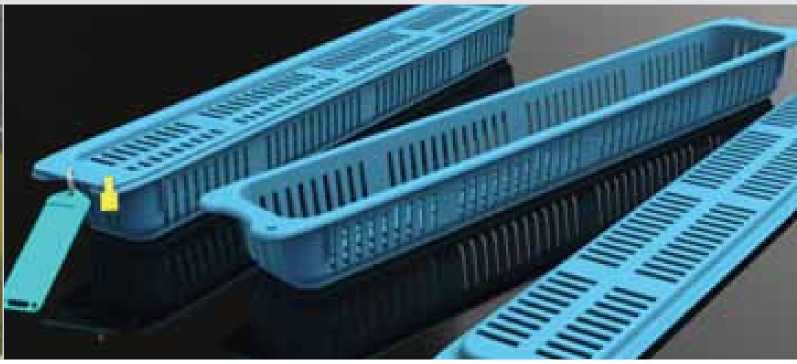
Right:
Tex A.T.C.'s Maxi-view 280 VCR installed at Camp Bastion Airbase, Afghanistan

Staff levels have been increased to take account of the additional projects won and to provide a stable foundation for future growth.

Tex Special Projects Ltd

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 2011, alongside the ongoing contract for the "flying" control rooms and bridge glazing for the new aircraft carriers for the Royal Navy.



PLASTICS DIVISION

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 rose by 10% from £18.9m to £20.8m. Operating profit also rose to £1,071k, a 27% increase from £842k in 2010.

The Plastics Division, under the single Managing Director, has continued to improve its results. We have signed a three year manufacturing agreement with a major white goods company.

BUSINESS REVIEW

Our Clients:

Baxi Heating UK Limited

Kennedy Hygiene Products Limited

Indesit Company UK Limited

Triton Showers

Pall Corporation

Rocialle Healthcare

Colson Castors Limited

Triumph Motorcycles Limited

Main Image L-R:
Critical safety Air Management systems moulded and part assembled by TEX

Heatrae Sadia Heating - Aquatap Boiling Water Dispenser

Bioball: Revolutionary Wash Room adaption on traditional components

Heatrae Sadia Heating - Megaflo Eco Hot Water Cylinder

Inset L-R:
Automated assembly of Indesit Tumble Dryer Top

Scope Mesh Tray: After working closely with the client, TEX designed and modelled the unit for customer trials. Soon production tooling was ordered and parts are now in volume production

Right:
Hotpoint Tumble Dryer Ultima 9kg Condenser

The profits from this contract should impact results in 2012 but we remain cautious about the markets we serve in the coming year.

BOARDS & PANELS DIVISION

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

Turnover at QK was £3.5m, down 10% versus £3.9m in 2010. The company has been impacted by the slowing of the caravan market. This reduction in turnover has been partly recovered by an increase in the level of demand for the company's lightweight honeycomb board products. However, as a result of cost control, the company has continued to move towards breakeven at the operating level.

BUSINESS REVIEW

Our Clients:

Checkland Kindleysides

Bentley Motorhomes

The Swift Group

Senator International Limited

Bailey Caravans

Clip Limited

Auto-Sleepers

Coachman Caravan Company Limited

The Explorer Group Limited

Main Image:
Interior of the Sterling 'Eccles' caravan by The Swift Group, showing a variety of doors manufactured by QK Honeycomb Products Ltd

Inset L-R:
Fully automated edge banding CNC

The 'Fairway' screen range by Senator International using panels made by QK Honeycomb Products Ltd

Right:
Typical exhibition stand by Clip Ltd using Quikaboard lightweight panels

Trading has opened solidly in 2012, with QK forecast to trade profitably in the opening months of the year.

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2011

The Directors have pleasure in submitting their Annual Report and the audited financial statements for the year ended 31st December 2011.

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 boards 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 on page 1 and the Business Review by division on pages 4 to 11. 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 on page 1 and the Business Review on pages 4 to 11 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 £36,829,000 (31st December 2010: £33,103,000). Profit before taxation was £1,541,000 (31st December 2010: £688,000).

The Directors have proposed a final ordinary dividend in respect of the current financial year of 2.5 pence per share (31st December 2010: 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 2010, together with an interim dividend in respect of the year ended 31st December 2011 of 1.5 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 2010: 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 51. All the Directors served for the whole year, with the exception of C A Parker who was appointed Executive Director on 1st January 2012.

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

A R B Burrows (age 73) is an industrialist. He is a Director of Le Bas Limited and I S & G (Holdings) Limited.

C A Parker (age 50) was appointed Executive Director of Tex Holdings plc on 1st January 2012. He is a Chartered Accountant. He joined Ernst and Young on qualifying as a Chartered Accountant and has served Tex Holdings plc for 20 years as Chief Financial Officer and then also as Company Secretary.

M J Cadbury (age 52) 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 and the LJC Fund Ltd.

C D Palmer-Tomkinson (age 70) 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 and a Governor of Goodenough College.

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.

M J Cadbury 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	
	31/12/11	31/12/10
A R B Burrows	**–**	–
C A Parker	**100**	–
M J Cadbury	**97,435**	30,000
C D Palmer-Tomkinson	**28,000**	–

There were no changes in Directors' interests between 31st December 2011 and the date of this report.

The market price of the Company's shares at 31st December 2011 was 65.0 pence and the range during the period was 56.5 pence to 89.0 pence.

Substantial holdings

Notification has been received that as at 12th March 2012, 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	476,405	7.50
Rock (Nominees) Limited <0501448>	385,000	6.06
Rock (Nominees) Limited A/C ISA	382,390	6.02
W B Nominees Limited	377,049	5.94
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 re-negotiated 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 £694 (31st December 2010: £776), none of which were over £200. All donations were made by the Company.

Corporate Governance
The Company's statement on Corporate Governance is contained with the Corporate Governance report on pages 15 to 18 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 2011, the Company complied with the provisions of the UK Corporate Governance Code ("UKCGC" and "the code") issued by the Financial Reporting Council in May 2010, 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 during 2011 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.

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 four 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	6	1	2
A R B Burrows	6	1	2
M J Cadbury	5	N/A	N/A
C D Palmer-Tomkinson	6	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 consider 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 UKCGC (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 2011, 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 to assist in the review of procedures and documentation in the field of health and safety and employment law, 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 operations, 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 orders 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.

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 C3 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 2012 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. This has been prepared in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council.

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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules
Each of the Directors, whose names and functions are listed on page 51 confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

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 22nd June 2012 at 12.15pm. The Notice of Meeting is set out on page 50.

By order of the Board

C A Parker
Secretary
26th March 2012

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2011

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 contract currently in place for the Executive Director who served during the period are as follows:

M J Cadbury's service contract dated 18th June 2010 provides for a rolling 3 month notice period.

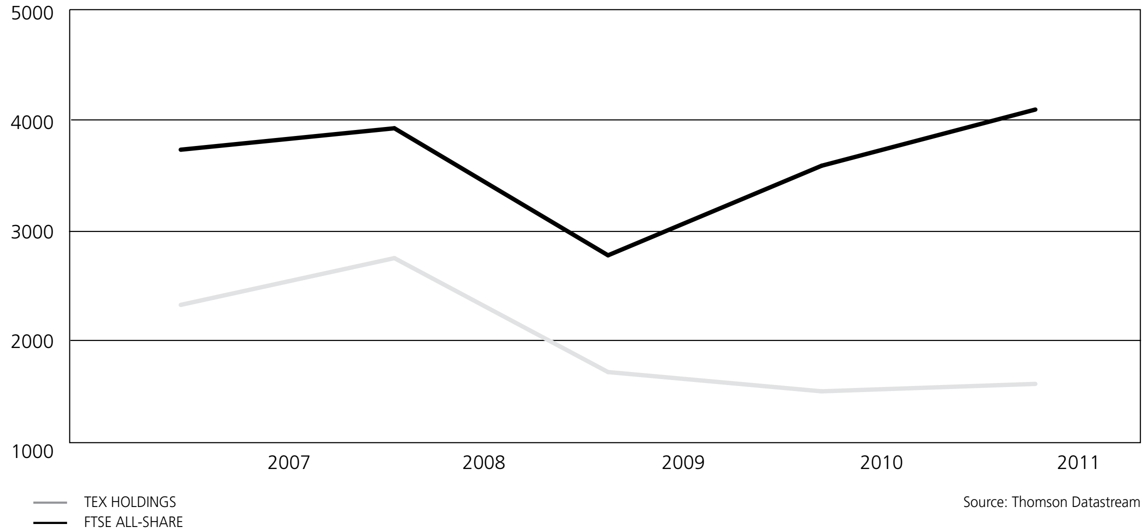
Pension scheme
The Group operates a defined contribution pension scheme. The Company has made contributions of £3,699 (31st December 2010: £Nil) to the Executive Director's money purchase scheme.

Directors' remuneration

	A R B Burrows		**M J Cadbury**		**C D Palmer-Tomkinson**	
	Year ended 31/12/11 £	Year ended 31/12/10 £	**Year ended 31/12/11 £**	Year ended 31/12/10 £	**Year ended 31/12/11 £**	Year ended 31/12/10 £
Salary/Fees	**–**	6,252	**51,382**	60,155	**18,000**	18,000
Bonus	**–**	–	**11,562**	15,040	**–**	–
Healthcare	**2,892**	–	**1,307**	832	**–**	–
	2,892	6,252	**64,251**	76,027	**18,000**	18,000

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
Director
26th March 2012

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 2011 which comprise the Consolidated 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 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31st December 2011 and of the Group'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 18, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report of the shareholders by the Board of Directors' remuneration.

David Whitehead FCA (Senior Statutory Auditor)
for and on behalf of Larking Gowen Limited
Chartered Accountants and Statutory Auditors
Unit 1
Claydon Business Park
Gipping Road
Great Blakenham
Ipswich
Suffolk IP6 0NL

26th March 2012

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Revenue	2	**36,829**	33,103
Cost of sales		**(27,540)**	(24,791)
Gross profit		**9,289**	8,312
Selling and marketing costs		**(834)**	(742)
Administrative expenses		**(6,855)**	(6,717)
Operating profit	2-6	**1,600**	853
Finance costs	7	**(59)**	(165)
Profit before tax		**1,541**	688
Taxation	8	**(220)**	(130)
Profit for the year attributable to the equity holders of the Parent		**1,321**	558
Earnings per share			
Basic and diluted	10	**20.8p**	8.8p

STATEMENTS OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31ST DECEMBER 2011

Group	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Profit for the year	**1,321**	558
Actuarial (losses)/gains on defined benefit pension plans	**(2,496)**	941
Tax recognised on expenses and income recognised directly in equity	**649**	(263)
Net income recognised directly in equity	**(1,847)**	678
Total recognised income and expense attributable to the equity holders of the Parent	**(526)**	1,236

Company	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Profit for the year	**512**	342
Actuarial (losses)/gains on defined benefit pension plans	**(2,496)**	941
Tax recognised on expenses and income recognised directly in equity	**649**	(263)
Net income recognised directly in equity	**(1,847)**	678
Total recognised income and expense attributable to the equity holders of the Parent	**(1,335)**	1,020

BALANCE SHEETS

AT 31ST DECEMBER 2011

	Notes	Group 31/12/11 £000	Group 31/12/10 £000	Company 31/12/11 £000	Company 31/12/10 £000
Assets					
Non-current assets					
Property, plant and equipment	11	**5,934**	5,599	**7**	6
Intangible assets	12	**–**	–	**–**	–
Investments	13	**–**	–	**11,423**	10,920
Deferred tax assets	14	**811**	–	**927**	314
		6,745	5,599	**12,357**	11,240
Current assets					
Inventories	15	**6,309**	5,626	**–**	–
Tax receivable		**–**	–	**–**	–
Trade and other receivables	16	**8,190**	7,754	**394**	388
Cash and cash equivalents	17	**–**	–	**–**	–
		14,499	13,380	**394**	388
Total assets		**21,244**	18,979	**12,751**	11,628
Equity					
Capital and reserves attributable to the equity holders of the Parent					
Share capital	19	**635**	635	**635**	635
Other reserves		**2,906**	2,906	**3,883**	3,883
Retained earnings		**3,212**	3,897	**1,169**	2,663
Total equity		**6,753**	7,438	**5,687**	7,181
Liabilities					
Non-current liabilities					
Other interest-bearing loans and borrowings	20	**1,755**	1,890	**184**	551
Employee benefits	25	**3,430**	1,137	**3,430**	1,137
Deferred tax liabilities	14	**–**	12	**–**	–
		5,185	3,039	**3,614**	1,688
Current liabilities					
Bank overdraft	18	**653**	285	**2,045**	1,417
Other interest-bearing loans and borrowings	20	**737**	919	**366**	699
Trade and other payables	21	**7,369**	6,889	**770**	521
Tax payable		**547**	409	**269**	122
		9,306	8,502	**3,450**	2,759
Total liabilities		**14,491**	11,541	**7,064**	4,447
Total equity and liabilities		**21,244**	18,979	**12,751**	11,628

These financial statements were approved by the Board of Directors on 26th March 2012 and were signed on its behalf by:

A R B Burrows
Director

C A Parker
Director

Registered number: 00405838

STATEMENT OF CHANGES IN EQUITY

AT 31ST DECEMBER 2011

Group	Share capital £000	Capital reserve £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 1st January 2010	635	16	2,890	2,788	6,329
Profit for the period	–	–	–	558	558
Pension fund actuarial movement net of tax	–	–	–	678	678
Dividends paid	–	–	–	(127)	(127)
Balance at 1st January 2011	635	16	2,890	3,897	7,438
Profit for the period	–	–	–	1,321	1,321
Pension fund actuarial movement net of tax	–	–	–	(1,847)	(1,847)
Dividends paid	–	–	–	(159)	(159)
Balance at 31st December 2011	**635**	**16**	**2,890**	**3,212**	**6,753**

The aggregate current and deferred tax relating to items that are charged or credited to equity is £649,000 (2010: £263,000).

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 2010	635	993	2,890	1,770	6,288
Profit for the period	–	–	–	342	342
Pension fund actuarial movement net of tax	–	–	–	678	678
Dividends paid	–	–	–	(127)	(127)
Balance at 1st January 2011	635	993	2,890	2,663	7,181
Profit for the period	–	–	–	512	512
Pension fund actuarial movement net of tax	–	–	–	(1,847)	(1,847)
Dividends paid	–	–	–	(159)	(159)
Balance at 31st December 2011	**635**	**993**	**2,890**	**1,169**	**5,687**

The aggregate current and deferred tax relating to items that are charged or credited to equity is £649,000 (2010: £263,000).

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Group		Company	
	Year ended 31/12/11 £000	Year ended 31/12/10 £000	**Year ended 31/12/11 £000**	Year ended 31/12/10 £000
Cash flows from operating activities				
Profit for the year	**1,321**	558	**512**	342
Adjustments for:				
Dividends received	**–**	–	**(150)**	–
Depreciation	**1,045**	1,014	**4**	2
Goodwill impairment	**–**	218	**–**	–
Financial expense	**59**	165	**(5)**	114
Profit on sale of property plant and equipment	**–**	(18)	**–**	–
Taxation	**220**	130	**269**	42
	2,645	2,067	**630**	500
(Increase)/decrease in trade and other receivables	**(436)**	(525)	**(6)**	6
Increase in inventories	**(683)**	(392)	**–**	–
Increase in trade and other payables	**478**	242	**249**	114
Decrease in employee benefits	**(112)**	(150)	**(112)**	(150)
Cash generated from operations	**1,892**	1,242	**761**	470
Income tax paid	**(255)**	(116)	**(87)**	(126)
Net cash generated from operating activities	**1,637**	1,126	**674**	344
Cash flows from investing activities				
Purchases of property, plant and equipment (PPE)	**(1,448)**	(610)	**(5)**	(3)
Purchase of goodwill	**–**	–	**–**	–
Proceeds from sale of PPE	**68**	119	**–**	–
Dividends received	**–**	–	**150**	–
Investment loans to subsidiaries	**–**	–	**(503)**	467
Net cash used in investing activities	**(1,380)**	(491)	**(358)**	464
Cash flows from financing activities				
New borrowings	**700**	207	**–**	–
Repayments of borrowings	**(700)**	(700)	**(700)**	(700)
Finance lease payments	**(317)**	(195)	**–**	–
Interest paid	**(149)**	(143)	**(85)**	(92)
Dividends paid to Company's shareholders	**(159)**	(127)	**(159)**	(127)
Net cash used in financing activities	**(625)**	(958)	**(944)**	(919)
Net decrease in cash and cash equivalents	**(368)**	(323)	**(628)**	(111)
Cash and cash equivalents at beginning of the year	**(285)**	38	**(1,417)**	(1,306)
Cash and cash equivalents at end of the year	**(653)**	(285)	**(2,045)**	(1,417)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

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 15 – Provision of obsolete inventory

Note 16 – Impairment of trade debtors

Note 25 – Retirement benefit plans

IAS 24 Related party disclosures – amended in 2009

Amendments to the definition of related party, which came into force in the year removed the requirements to disclose transactions with companies over which the Company's Directors hold significant influence but not control or joint control.

Several further new standards and amendments to existing standards and interpretations came into force for the current financial year with no material impact on the Group's results, assets and liabilities.

The following new standards and amendments to existing standards have been published but are now effective for the financial year beginning 1st January 2011 and are not adopted:

IAS 19 Employee benefits – amended in June 2011

The impact on the Group will be to immediately recognise all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments.

The application of several further standards and interpretations is not expected to have a material impact on the Group's reported financial performance or position. However, they may give rise to additional disclosures being made in the financial statements. These are:

IFRS 9 Financial instruments
IFRS 10 Consolidated financial statements
IFRS 12 Disclosures of interests in other entities
IFRS 13 Fair value measurement

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.

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

1. Accounting policies continued
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% (2010: 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.

Inventory
Inventories 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.

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.

1. Accounting policies continued

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 re-measurement of the fair value being recognised in the profit and loss account.

Long-term contracts
Turnover and attributable profit are recognised on long-term contracts by reference to the work completed.

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

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Plastics	**20,737**	18,871
Engineering	**12,544**	10,261
Boards & Panels	**3,548**	3,971
	36,829	33,103

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, RM Trailers, marketing and distribution of Fibertex Geotextiles, Marine diesel engine and governor rebuilding, parts supply and technical support, design, 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.

3. Business and geographical segments continued

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

2011	Plastics £000	Engineering £000	Boards & Panels £000	Total for continuing operations £000
Revenue				
External sales	**20,737**	**12,544**	**3,548**	**36,829**
Inter-segment sales	**–**	**–**	**–**	**–**
Total revenue from continuing operations	**20,737**	**12,544**	**3,548**	**36,829**
Result				
Segment result from continuing operations	**1,068**	**549**	**(3)**	**1,614**
Expenses pertaining to the Company				**(14)**
Operating profit				**1,600**
Finance costs				**(59)**
Profit before tax				**1,541**
Taxation				**(220)**
Profit for the year from continuing operations				**1,321**

Other information

2011	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
Capital additions	**984**	**221**	**238**	**5**	**1,448**
Depreciation	**686**	**146**	**164**	**49**	**1,045**
Impairment losses recognised in profit and loss	**–**	**–**	**–**	**–**	**–**

Balance Sheet 31st December 2011

	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
Assets					
Segment assets	**10,982**	**7,716**	**2,391**	**155**	**21,244**
Liabilities					
Segment liabilities	**8,471**	**7,796**	**2,482**	**(4,258)**	**14,491**

2010	Plastics £000	Engineering £000	Boards & Panels £000	Total for continuing operations £000
Revenue				
External sales	18,871	10,261	3,971	33,103
Inter-segment sales	–	–	–	–
Total revenue from continuing operations	18,871	10,261	3,971	33,103
Result				
Segment result from continuing operations	842	647	(91)	1,398
Expenses pertaining to the Company				(545)
Operating profit				853
Finance costs				(165)
Profit before tax				688
Taxation				(130)
Profit for the year from continuing operations				558

Other information

2010	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
Capital additions	429	154	24	3	610
Depreciation	672	148	146	48	1,014
Impairment losses recognised in profit and loss	–	218	–	–	218

Balance Sheet 31st December 2010

	Plastics £000	Engineering £000	Boards & Panels £000	Company £000	Total for continuing operations £000
Assets					
Segment assets	9,987	6,998	2,609	(615)	18,979
Liabilities					
Segment liabilities	7,765	7,148	2,590	(5,962)	11,541

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 31/12/11 £000	Year ended 31/12/10 £000
Eurozone	**2,679**	1,861
UK	**27,538**	28,069
US	**668**	1,589
Other Countries	**5,944**	1,584
	36,829	33,103

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

4. Expenses and auditors' remuneration

Included in profit/loss are the following:

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Research expensed as incurred included in administrative expenses	**258**	197
Exchange (gain)/loss included in administrative expenses	**(59)**	(85)
Audit of Parent Company and consolidated financial statements	**5**	5
Audit of financial statements of subsidiaries	**43**	43
Amounts receivable by auditors and their associates in respect of:		
– Other services relating to taxation	**5**	5
– Audit of the Group pension scheme	**3**	3
Hire of plant and machinery – rentals payable under operating leases	**104**	107
Hire of other assets – operating leases	**339**	348
Impairment loss on goodwill	**–**	218

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 31/12/11	Year ended 31/12/10	**Year ended 31/12/11**	Year ended 31/12/10
Administration	**85**	86	**8**	8
Manufacturing	**327**	318	**–**	–
	412	404	**8**	8

The aggregate payroll costs of these persons was as follows:

	Group		Company	
	Year ended 31/12/11 £000	Year ended 31/12/10 £000	**Year ended 31/12/11 £000**	Year ended 31/12/10 £000
Wages and salaries	**8,267**	8,094	**372**	304
Social security costs	**669**	637	**34**	28
Other pension costs	**324**	340	**170**	186
	9,260	9,071	**576**	518

6. Directors' emoluments

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Directors' emoluments	**85**	100
Company contributions to money purchase pension plans	**4**	–
	89	100

The aggregate of emoluments of the highest paid Director was £64,000 (2010: £76,000), and company pension contributions of £4,000 (2010: £Nil) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to the following number of Directors under:

	Year ended 31/12/11	Year ended 31/12/10
Money purchase schemes	**1**	–
Defined benefit schemes	**–**	–

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

7. Finance expenses

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Interest on bank overdrafts and loans	**85**	92
Interest on pension scheme deficit	**(90)**	22
Interest on obligations under finance leases	**64**	51
Finance expense	**59**	165

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

8. Taxation

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Current tax		
Current year	**446**	303
Adjustments for prior year	**(52)**	(67)
	394	236
Deferred tax (note 14)		
Origination and reversal of temporary differences	**(106)**	(39)
Adjustments for prior years	**(68)**	(67)
	(174)	(106)
Total tax in income statement	**220**	130

Domestic income tax is calculated at 26.0% (2010: 28.0%) 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 31/12/11 £000	Year ended 31/12/10 £000
Profit before tax	**1,541**	688
Tax at the domestic income tax rate of 26.0% (2010: 28.0%)	**401**	192
Non-deductible expenses	**14**	18
Capital allowances in excess of depreciation	**106**	39
Other	**(2)**	(7)
Goodwill impairment	**(73)**	61
Adjustments for prior years	**(52)**	(67)
Tax expense and effective tax rate for the year	**394**	236

In addition to the income tax expense charged to profit or loss, a deferred tax charge of £649,000 (2010: credit of £263,000) has been recognised in equity in the year.

9. Dividends

On 23rd July 2010, a dividend of 1.0 pence per share (total dividend £63,500) was paid to shareholders.
On 11th October 2010, a dividend of 1.0 pence per share was paid (total dividend £63,500).

On 22nd July 2011, a dividend of 1.0 pence per share (total dividend £63,500) was paid to shareholders.
On 10th October 2011, a dividend of 1.5 pence per share was paid (total dividend £95,250).

In respect of the current year, the Directors propose that a dividend of 2.5 pence per share will be paid to shareholders on 20th July 2012. 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 22nd June 2012. The total estimated dividend to be paid is £159,000.

10. Earnings per share

Basic earnings per share of 20.8 pence (2010: 8.8 pence) is based on the following data:

Earnings

	Year ended 31/12/11 £000	Year ended 31/12/10 £000
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Parent)	**1,321**	558

Number of shares

	Year ended 31/12/11	Year ended 31/12/10
Weighted average number of ordinary shares for the purposes of basic 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
Cost or deemed cost					
Balance at 1st January 2010	4,536	11,919	52	643	17,150
Additions	–	571	–	39	610
Disposals	–	(173)	–	–	(173)
Balance at 31st December 2010	4,536	12,317	52	682	17,587
Balance at 1st January 2011	4,536	12,317	52	682	17,587
Additions	4	1,379	12	53	1,448
Disposals	–	(505)	(3)	–	(508)
Balance at 31st December 2011	**4,540**	**13,191**	**61**	**735**	**18,527**
Depreciation and impairment					
Balance at 1st January 2010	1,547	8,899	14	586	11,046
Charge for the year	88	868	12	46	1,014
Disposals	–	(72)	–	–	(72)
Balance at 31st December 2010	1,635	9,695	26	632	11,988
Balance at 1st January 2011	1,635	9,695	26	632	11,988
Charge for the year	89	893	19	44	1,045
Disposals	–	(438)	(2)	–	(440)
Balance at 31st December 2011	**1,724**	**10,150**	**43**	**676**	**12,593**
Net book value					
At 1st January 2010	2,989	3,020	38	57	6,104
At 31st December 2010 and 1st January 2011	2,901	2,622	26	50	5,599
At 31st December 2011	**2,816**	**3,041**	**18**	**59**	**5,934**

The carrying amount of the Group's fixtures, equipment, plant and machinery includes an amount of £1,071,000 (2010: £704,000) 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 (2010: £Nil).

Company	Land and buildings £000	Furniture, fittings and equipment £000	Total £000
Cost			
Balance at 1st January 2010	10	44	54
Additions	–	3	3
Disposals	–	–	–
Balance at 31st December 2010	10	47	57
Balance at 1st January 2011	10	47	57
Additions	–	5	5
Disposals	–	–	–
Balance at 31st December 2011	**10**	**52**	**62**
Depreciation and impairment			
Balance at 1st January 2010	10	39	49
Charge for the year	–	2	2
Disposals	–	–	–
Balance at 31st December 2010	10	41	51
Balance at 1st January 2011	10	41	51
Charge for the year	–	4	4
Disposals	–	–	–
Balance at 31st December 2011	**10**	**45**	**55**
Net book value			
At 1st January 2010	–	5	5
At 31st December 2010 and 1st January 2011	–	6	6
At 31st December 2011	**–**	**7**	**7**

12. Intangible assets – Group

	Goodwill £000
Cost	
Balance at 1st January 2010	420
Additions	–
Balance at 31st December 2010	420
Balance at 1st January 2011	420
Additions	–
Balance at 31st December 2011	**420**
Impairment	
Balance at 1st January 2010	202
Impairment	218
Balance at 31st December 2010	420
Balance at 1st January 2011	420
Impairment	–
Balance at 31st December 2011	**420**
Net book value	
At 1st January 2010	218
At 31st December 2010 and 1st January 2011	–
At 31st December 2011	–

12. Intangible assets – Group continued

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 assumed a breakeven year which is not anticipated to improve in the short term. 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, RM Trailers 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
Cost			
At 1st January 2011	3,621	10,602	14,223
Loan movement	–	503	503
At 31st December 2011	**3,621**	**11,105**	**14,726**
Provisions			
At 1st January 2011	1,543	1,760	3,303
Movement	–	–	–
At 31st December 2011	**1,543**	**1,760**	**3,303**
Net book value			
At 31st December 2011	**2,078**	**9,345**	**11,423**
At 31st December 2010	2,078	8,842	10,920

14. Deferred tax

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31/12/11 £000	31/12/10 £000	**31/12/11 £000**	31/12/10 £000
Property, plant and equipment	**–**	–	**115**	324
Intangible assets	**–**	–	**–**	–
Provisions	**(34)**	–	**–**	2
Employee benefits	**(892)**	(314)	**–**	–
Tax (assets)/liabilities	**(926)**	(314)	**115**	326
Net of tax liabilities/(assets)	**115**	314	**(115)**	(314)
Net tax (assets)/liabilities	**(811)**	–	**–**	12

Movement in deferred tax during the year

	01/01/11 £000	Recognised in income £000	Recognised in equity £000	**31/12/11 £000**
Property, plant and equipment	324	(209)	–	**115**
Provisions	2	(36)	–	**(34)**
Employee benefits	(314)	71	(649)	**(892)**
	12	(174)	(649)	**(811)**

Movement in deferred tax during the prior year

	01/01/10 £000	Recognised in income £000	Recognised in equity £000	31/12/10 £000
Property, plant and equipment	467	(143)	–	324
Provisions	2	–	–	2
Employee benefits	(614)	37	263	(314)
	(145)	(106)	263	12

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Property, plant and equipment	**(1)**	–	**–**	–
Provisions	**(34)**	–	**–**	–
Employee benefits	**(892)**	314	**–**	–
Tax (assets)/liabilities	**(927)**	314	**–**	–
Net of tax liabilities/(assets)	**–**	–	**–**	–
Net tax (assets)/liabilities	**(927)**	314	**–**	–

Movement in deferred tax during the year

	01/01/11 £000	Recognised in income £000	Recognised in equity £000	**31/12/11 £000**
Property, plant and equipment	–	(1)	–	**(1)**
Provisions	–	(34)	–	**(34)**
Employee benefits	(314)	71	(649)	**(892)**
	(314)	36	(649)	**(927)**

14. Deferred tax continued

Movement in deferred tax during the prior year

	01/01/10 £000	Recognised in income £000	Recognised in equity £000	31/12/10 £000
Property, plant and equipment	–	–	–	–
Employee benefits	(614)	37	263	(314)
	(614)	37	263	(314)

15. Inventory

	Group		Company	
	31/12/11 £000	31/12/10 £000	**31/12/11 £000**	31/12/10 £000
Raw materials	**2,758**	2,298	**–**	–
Work-in-progress	**866**	348	**–**	–
Finished goods	**2,685**	2,980	**–**	–
	6,309	5,626	**–**	–

During 2011 inventory expensed was £27,083,000 (2010: £24,791,000) and the amount provided in the year was £131,000 (2010: £221,000).

16. Other financial assets

Trade and other receivables

	Group		Company	
	31/12/11 £000	31/12/10 £000	**31/12/11 £000**	31/12/10 £000
Amounts receivable from the sale of goods	**6,898**	6,958	**–**	–
Amounts receivable from related parties	**–**	–	**147**	143
Other debtors and prepayments	**1,292**	796	**247**	245
	8,190	7,754	**394**	388

The Directors consider that the carrying amount of trade and other receivables approximates their fair value, after incorporating an impairment provision of £22,000 (2010: £80,000).

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.

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

	Group		Company	
	31/12/11 £000	31/12/10 £000	**31/12/11 £000**	31/12/10 £000
Eurozone	**298**	113	**–**	–
UK	**5,302**	5,886	**–**	–
US	**75**	528	**–**	–
Other countries	**1,245**	511	**–**	–
	6,920	7,038	**–**	–

The ageing of receivables at the reporting date was:

	Group		Company	
	31/12/11	31/12/10	**31/12/11**	31/12/10
	£000	£000	**£000**	£000
Not past due	**4,254**	4,220	**–**	–
Past due 0-30 days	**1,948**	1,800	**–**	–
Past due 31-120 days	**650**	915	**–**	–
Balance up to one year	**16**	83	**–**	–
More than one year	**52**	20	**–**	–
	6,920	7,038	**–**	–

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

	Group		Company	
	31/12/11	31/12/10	**31/12/11**	31/12/10
	£000	£000	**£000**	£000
Balance at 1st January	**80**	87	**–**	–
Impairment (profit)/loss recognised	**(58)**	(7)	**–**	–
Balance at 31st December	**22**	80	**–**	–

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	
	31/12/11	31/12/10	**31/12/11**	31/12/10
	£000	£000	**£000**	£000
Cash and cash equivalents per balance sheet	**–**	–	**–**	–
Bank overdrafts	**(653)**	(285)	**(2,045)**	(1,417)
Cash and cash equivalents per cash flow statements	**(653)**	(285)	**(2,045)**	(1,417)

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

18. Current bank overdrafts and loans

	Group		Company	
	31/12/11	31/12/10	**31/12/11**	31/12/10
	£000	£000	**£000**	£000
Bank overdrafts	**653**	285	**2,045**	1,417
Bank loans and finance lease liabilities (note 20)	**737**	919	**366**	699
	1,390	1,204	**2,411**	2,116

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:

	31/12/11	31/12/10
Bank overdrafts	**3.25%**	3.25%
Bank loans	**4.60%**	4.60%

Bank loans of £550,000 (2010: £1,250,000) 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 £653,000 (2010: £285,000) have been secured by a charge over the Group's assets. The average effective interest rate is determined based on 2.75% over bank base rate.

18. Current bank overdrafts and loans continued

The Group has two principal bank loans:

(a) a loan of £234,000 (2010: £269,000). 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.
(b) a loan of £316,000 (2010: £949,000). The loan was raised on 22nd April 2009. Repayments commenced on 1st August 2009 and will continue until 29th April 2012. 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 2011, the Group had available £1,847,000 (2010: £2,215,000) of undrawn committed borrowing facilities.

19. Share capital

Group and Company	31/12/11 £000	31/12/10 £000
Authorised:		
8,000,000 ordinary shares of 10 pence each	**800**	800
Issued and fully paid:		
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.

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	
	31/12/11 £000	31/12/10 £000	31/12/11 £000	31/12/10 £000
Non-current liabilities				
Secured bank loans	**184**	551	**184**	551
Finance lease liabilities	**1,571**	1,339	**–**	–
	1,755	1,890	**184**	551
Current liabilities				
Current portion of secured bank loans	**366**	699	**366**	699
Current portion of finance lease liabilities	**371**	220	**–**	–
	737	919	**366**	699

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

	Minimum lease payments		Present value of minimum lease payments	
	31/12/11 £000	31/12/10 £000	31/12/11 £000	31/12/10 £000
Amounts payable under finance leases:				
Within one year	**371**	218	**371**	218
In the second to fifth years inclusive	**1,571**	1,339	**1,571**	1,339
	1,942	1,557	**1,942**	1,557

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 2011, the average effective borrowing rate was 7.3% (2010: 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	
	31/12/11 £000	31/12/10 £000	**31/12/11 £000**	31/12/10 £000
Trade payables due to related parties	**–**	–	**–**	–
Other trade payables	**4,774**	4,393	**9**	74
Social security and other taxes	**427**	674	**24**	20
Accrued expenses	**2,168**	1,822	**737**	427
	7,369	6,889	**770**	521

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 2011 was being utilised by other Group companies to the extent of £653,000 (31st December 2010: £285,000);
- (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 2011 amounted to £Nil (31st December 2010: £Nil).

(c) The Company has provided a twelve month guarantee to two of QK Honeycomb Products Ltd's suppliers for payments due on demand, up to £50,000 and £20,000 (31st December 2010: £nil). The guarantees commenced on 25th July 2011 and 9th August 2011, respectively.

23. Capital Commitments

There were no Group capital commitments at the end of the current or previous financial year.

24. Operating lease arrangements

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

Group	**Land and buildings 31/12/11 £000**	**Other 31/12/11 £000**	Land and buildings 31/12/10 £000	Other 31/12/10 £000
Operating leases rental payments due:				
Within one year	**254**	**–**	312	–
In the second to fifth years inclusive	**891**	**–**	1,134	–
Over five years	**4,438**	**–**	4,366	–
	5,583	**–**	5,812	–

Company	**Land and buildings 31/12/11 £000**	**Other 31/12/11 £000**	Land and buildings 31/12/10 £000	Other 31/12/10 £000
Operating leases rental payments due:				
In the second to fifth years inclusive	**45**	**–**	–	–

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 £471,000 was recognised as an expense in the income statement in respect of operating leases (2010: £455,000).

Company

During the year £27,000 was recognised as an expense in the income statement in respect of operating leases (2010: £22,000).

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 2010, showed that the market value of the Scheme's assets was £10,636,000 which represented 84% 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 £12,500 per month to £8,333 per month.

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

	31/12/11	31/12/10
Discount rate	**4.70%**	5.40%
Expected return on plan assets	**6.72%**	6.68%
Expected rate of salary increases	**N/A**	N/A
Inflation	**3.30%**	3.70%
Pension cost of living increase	**3.40%**	3.80%

The expected return on plan assets at 31st December 2011 was 6.72% (2010: 6.68%).

In valuing the liabilities of the pension fund at 31st December 2011, 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: 23.2 years (male), 25.7 years (female).
- Future retiree upon reaching 65: 25.2 years (male), 27.6 years (female).

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

	31/12/11 £000	31/12/10 £000
Present value of funded obligations	**(14,102)**	(12,578)
Fair value of plan assets	**10,672**	11,441
Net liability recognised in the balance sheet	**(3,430)**	(1,137)

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

	31/12/11 £000	31/12/10 £000
Interest on obligation	**(664)**	(705)
Expected return on plan assets	**754**	683
	90	(22)

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 £2,150,000 (2010 gain: £346,000) and Company loss £2,150,000 (2010 gain: £346,000).

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

	31/12/11 £000	31/12/10 £000
Opening defined benefit obligation	**12,578**	12,546
Interest cost	**664**	705
Benefit paid	**(570)**	(386)
Actuarial loss/(gain)	**1,430**	(287)
Defined benefit obligation at end of year	**14,102**	12,578

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

	31/12/11 £000	31/12/10 £000
Fair value of plan assets at beginning of year	**11,441**	10,340
Expected return on plan assets	**754**	683
Total contributions employer	**112**	150
Benefits paid	**(570)**	(386)
Actuarial (loss)/gain occurred at end of year	**(1,065)**	654
Fair value of plan assets at end of year	**10,672**	11,441

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

	31/12/11 £000	31/12/10 £000
Equities	**7,603**	7,817
Bonds	**2,830**	2,949
Other	**239**	675
	10,672	11,441

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 (6.7)%.

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

	31/12/11 £000	31/12/10 £000	31/12/09 £000	31/12/08 £000	31/12/07 £000
Present value of defined benefit obligation	**14,102**	12,578	12,546	10,394	10,969
Fair value of plan assets	**(10,672)**	(11,441)	(10,340)	(8,086)	(11,035)
	3,430	1,137	2,206	2,308	(66)
Experience gains/(losses) arising	**211**	828	(396)	16	461

The Group expects to contribute approximately £100,000 to its defined benefit plan in 2012.

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 £211,000 (2010: £190,000).

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

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

A R B Burrows has an interest in Edward Le Bas Properties Limited through which the Group rents properties. Transactions during the period ended 31st December 2011 that require disclosure are detailed below:

Rentals paid	£266,000 (31st December 2010: £206,000)
Trade Creditor	£11,676 (31st December 2010: £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 20 in the remuneration report.

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

During the year ended 31st December 2011 the Company received interest income from subsidiary undertakings of £958,000 (2010: £900,000) and dividends of £150,000 (2010: £Nil).

At 31st December 2011 amounts owed by subsidiary undertakings to the Company were £147,000 (2010: £143,000).

At 31st December 2011 loans by the Company to subsidiary undertakings were £11,105,000 (2010: £10,602,000).

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 2011 and its equity at 31st December 2011 would decrease or increase by £20,000 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:

	31/12/11 GBP 000	31/12/11 USD 000	31/12/11 Euro 000	31/12/10 GBP 000	31/12/10 USD 000	31/12/10 Euro 000
Trade receivables	**6,771**	**127**	**–**	7,140	97	–
Secured bank loans	**(1,203)**	**–**	**–**	(1,388)	–	–
Trade payables	**(4,574)**	**(50)**	**(150)**	(4,193)	(50)	(150)
Gross balance sheet exposure	**994**	**77**	**(150)**	1,559	47	(150)
Estimated forecast sales	**29,900**	**273**	**–**	26,680	360	15
Estimated forecast purchases	**(28,112)**	**(210)**	**(750)**	(25,001)	(245)	(915)
Gross exposure	**1,788**	**63**	**(750)**	1,679	115	(900)
Net exposure	**2,782**	**140**	**(900)**	3,238	162	(1,050)

The following significant exchange rates applied during the year:

GBP	Average rate 2011	Average rate 2010	Reporting date mid-spot rate 2011	Reporting date mid-spot rate 2010
USD	**1.6042**	1.5887	**1.5538**	1.5609
Euro	**1.1552**	1.1464	**1.1970**	1.1666

Sensitivity analysis

A 10.0% strengthening of the GBP against the following currencies at 31st December 2011 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 2011**	**Profit or loss £000**
USD	**(4)**
Euro	**11**
31st December 2010	
USD	(3)
Euro	12

A 10.0% weakening of the GBP against the above currencies at 31st December 2011 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-sixth 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 22nd June 2012 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 2011.

2. To approve the payment of a dividend of 2.5 pence per share to shareholders on the register as at 22nd June 2012 with payment to be made on 20th July 2012.

3. To re-elect as a Director M J Cadbury who retires by rotation.

   M J Cadbury (age 52) 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 and the LJC Fund Ltd.

4. A resolution will be proposed that A R B Burrows who retires by reason of his having attained the age of 70 shall, notwithstanding that fact, be re-appointed as Director of the Company for a further period of one year.

5. A resolution will be proposed that C D Palmer-Tomkinson who retires by reason of his having attained the age of 70 shall, notwithstanding that fact, be re-appointed as Director of the Company for a further period of one year.

6. To elect as a Director C A Parker.

   C A Parker (age 50) was appointed Executive Director of Tex Holdings plc on 1st January 2012. He is a Chartered Accountant. He has served Tex Holdings plc for 20 years as Chief Financial Officer and then also as Company Secretary.

7. 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.

8. 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 26th March 2012 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 5th April 2011 to 26th March 2012; and
   (b) A copy of the Executive Director's contract of service with the Company.

DIRECTORS AND ADVISORS

TEX HOLDINGS plc
Parent Company
Directors
A R B Burrows** (Chairman)
C A Parker (Appointed 01/01/2012)
M J Cadbury*
C D Palmer-Tomkinson**
* (Non-Executive)
** (Non-Executive, Members of Audit and Remuneration Committees)

Company Secretary
C A Parker

TEX GROUP LIMITED
Management Company
Directors
S P Codd (Appointed 13/01/2012)
J M Field
M J McCarthy
D J Ogden
C A Parker
D Redhead
C T Varley

Registered office
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Great Blakenham
Ipswich
Suffolk
IP6 0NL
United Kingdom

Registered number
00405838

Registrars
Computershare Investor Services PLC

Auditors
Larking Gowen Limited

Bankers
National Westminster Bank PLC

Legal advisor
Birketts LLP

GROUP ADDRESSES

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