



## Interim Report

—○ Plastics

—○ Engineering

—○ Boards & Panels

2010

# Directors

|                               |  |
|-------------------------------|--|
| <b>Directors</b>              | ARB Burrows (Chairman)<br>MJ Cadbury<br>C Palmer-Tomkinson   |
| <b>Secretary</b>              | CA Parker, FCA   |
| <b>Registered office</b>      | Claydon Business Park<br>Gipping Road<br>Great Blakenham<br>Ipswich<br>Suffolk IP6 0NL<br>United Kingdom   |
| <b>Registered number</b>      | 405838   |
| <b>Principal subsidiaries</b> | Tex Industrial Plastics Limited<br>Tex Plastic Products Limited<br><br>BSP International Foundations Limited<br>Eurotex International Limited<br>Tex Engineering Limited<br>Tex Industrialised Construction<br>Systems Limited<br>Tex Special Projects Limited<br>Tex A.T.C. Services Limited<br><br>QK Honeycomb Products Limited |

# Chairman's Statement

Tex Group turnover for the six months to 30th June 2010 amounted to £16m, an 8% decrease over the comparable figure in 2009. Pre-tax profit totalled £312k which represents a reduction of 40% over the previous year.

Sales in the Plastics Division were £9.2m which compares with £8.0m in 2009, an increase reflecting an upturn in demand. This improved volume translates into a £135k increase in operating profit. These improved volumes are currently forecast to continue, but in the current climate the Division remains cautious.

The Engineering Division saw a 35% decrease in turnover to £4.9m compared to the same period in 2009. Operating profit decreased from £852k to £237k reflecting the impact of the lower sales. The shortfall in turnover was due to the absence of larger projects that had contributed to the strong first half in 2009. Performance in the second half is expected to remain profitable and to be in line with the first half.

In the Boards & Panels Division, turnover stabilised at just under £2.0m. As a result of the cost savings, the loss on this turnover level was less

than in 2009. Given the losses, further restructuring is being considered, depending upon volume expectations.

The Group order book has been maintained at the reduced level noted in last year's report. We can see no reason to expect trading conditions to improve for the foreseeable future.

Cost will continue to be controlled in line with the trading levels, with cash flow being a priority consideration.

The Board is proposing to pay an interim dividend of 1.0 pence (2009: 1.0 pence) which will be paid on 11th October 2010 to shareholders on the register as at 17th September 2010.

A.R.B. Burrows  
Chairman  
24th August 2010

# Responsibility Statement in respect of the interim financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU;
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (“DTR”) 4.2.7R (indication of the important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

A R B Burrows  
Chairman  
24th August 2010

# Consolidated Statement of Comprehensive Income

|  |            | 6 months<br>ended<br>30.06.10<br>(Unaudited)<br>£000 | 6 months<br>ended<br>30.06.09<br>(Unaudited)<br>£000 | Year<br>ended<br>31.12.09<br>(Audited)<br>£000 |
|--|------------|--|--|--|
| Revenue  | Notes<br>3 | 16,039   | 17,463   | 33,013   |
| Cost of sales  |            | <u>(10,521)</u>                                      | <u>(11,830)</u>                                      | <u>(24,947)</u>                                |
| Gross profit   |            | 5,518  | 5,633  | 8,066  |
| Selling and marketing costs  |            | (325)  | (346)  | (495)  |
| Administrative expenses  |            | <u>(4,733)</u>                                       | <u>(4,611)</u>                                       | <u>(6,880)</u>                                 |
| Operating profit   |            | 460  | 676  | 691  |
| Finance costs  |            | <u>(148)</u>   | <u>(153)</u>   | <u>(273)</u>                                   |
| Profit before tax  |            | 312  | 523  | 418  |
| Taxation   |            | <u>(89)</u>  | <u>(153)</u>   | <u>(134)</u>                                   |
| Profit for the period attributable to the equity holders of the parent |            | 223  | 370  | 284  |
| <b>Other comprehensive income:</b>                                     |            |  |  |  |
| Actuarial losses arising in defined benefit pension scheme             |            | -  | -  | 82   |
| Tax recognised on actuarial losses in defined pension scheme           |            | -  | -  | (23)   |
| Total comprehensive income for the period                              |            | <u>223</u>   | <u>370</u>   | <u>343</u>                                     |
| Basic and diluted earnings per share                                   |            | <u>3.5p</u>  | <u>5.8p</u>  | <u>4.5p</u>                                    |

# Consolidated Statement of Financial Position

|  | Notes | 30.06.10<br>(Unaudited)<br>£000 | 30.06.09<br>(Unaudited)<br>£000 | 31.12.09<br>(Audited)<br>£000 |
|--|-------|---------------------------------|---------------------------------|-------------------------------|
| <b>ASSETS</b>  |       |                                 |                                 |                               |
| <b>Non-current assets</b>  |       |                                 |                                 |                               |
| Property, plant and equipment  | 7     | 5,997                           | 6,307                           | 6,104                         |
| Goodwill   |       | 218                             | 268                             | 218                           |
| Deferred tax assets  |       | 145                             | 125                             | 145                           |
|  |       | <u>6,360</u>                    | <u>6,700</u>                    | <u>6,467</u>                  |
| <b>Current assets</b>  |       |                                 |                                 |                               |
| Stocks   |       | 5,345                           | 5,567                           | 5,234                         |
| Trade and other receivables  |       | 8,389                           | 7,457                           | 7,229                         |
| Cash   |       | –                               | 334                             | 38                            |
|  |       | <u>13,734</u>                   | <u>13,358</u>                   | <u>12,501</u>                 |
| <b>Total assets</b>  |       | <u><u>20,094</u></u>            | <u><u>20,058</u></u>            | <u><u>18,968</u></u>          |
| <b>EQUITY</b>  |       |                                 |                                 |                               |
| <b>Capital and reserves attributable to the equity holders of the parent</b> |       |                                 |                                 |                               |
| Share capital  |       | 635                             | 635                             | 635                           |
| Other reserves   |       | 2,906                           | 2,906                           | 2,906                         |
| Retained earnings  |       | 3,011                           | 2,942                           | 2,788                         |
| <b>Total equity</b>  |       | <u><u>6,552</u></u>             | <u><u>6,483</u></u>             | <u><u>6,329</u></u>           |
| <b>LIABILITIES</b>   |       |                                 |                                 |                               |
| <b>Non-current liabilities</b>   |       |                                 |                                 |                               |
| Other interest bearing loans and borrowings                                  |       | 2,251                           | 3,387                           | 2,628                         |
| Employee benefits  |       | 2,206                           | 2,408                           | 2,206                         |
| Deferred tax liabilities   |       | –                               | –                               | –                             |
|  |       | <u>4,457</u>                    | <u>5,795</u>                    | <u>4,834</u>                  |
| <b>Current liabilities</b>   |       |                                 |                                 |                               |
| Bank overdraft   |       | 714                             | –                               | –                             |
| Other interest bearing loans and borrowings                                  |       | 877                             | 531                             | 869                           |
| Trade and other payables   |       | 7,127                           | 6,832                           | 6,647                         |
| Tax payable  |       | 367                             | 417                             | 289                           |
|  |       | <u>9,085</u>                    | <u>7,780</u>                    | <u>7,805</u>                  |
| <b>Total liabilities</b>   |       | <u><u>13,542</u></u>            | <u><u>13,575</u></u>            | <u><u>12,639</u></u>          |
| <b>Total equity and liabilities</b>  |       | <u><u>20,094</u></u>            | <u><u>20,058</u></u>            | <u><u>18,968</u></u>          |

# Consolidated Statement of Changes in Equity

|   | Share<br>Capital<br>£000 | Capital<br>Redemption<br>Reserve<br>£000 | Share<br>Premium<br>Account<br>£000 | Retained<br>Earnings<br>£000 | Total<br>Equity<br>£000 |
|---|--------------------------|--|-------------------------------------|------------------------------|-------------------------|
| Balance at 1 January 2009                     | 635                      | 16                                       | 2,890                               | 2,572                        | 6,113                   |
| Profit for the period                         | -                        | -  | -                                   | 370                          | 370                     |
| Pension fund actuarial<br>movement net of tax | -                        | -  | -                                   | -                            | -                       |
| Dividends paid                                | -                        | -  | -                                   | -                            | -                       |
|   | <u>-</u>                 | <u>-</u>                                 | <u>-</u>                            | <u>370</u>                   | <u>370</u>              |
| Balance at 30 June 2009                       | <u>635</u>               | <u>16</u>                                | <u>2,890</u>                        | <u>2,942</u>                 | <u>6,483</u>            |
| Balance at 1 January 2009                     | 635                      | 16                                       | 2,890                               | 2,572                        | 6,113                   |
| Profit for the period                         | -                        | -  | -                                   | 284                          | 284                     |
| Pension fund actuarial<br>movement net of tax | -                        | -  | -                                   | 59                           | 59                      |
| Dividends paid                                | -                        | -  | -                                   | (127)                        | (127)                   |
|   | <u>-</u>                 | <u>-</u>                                 | <u>-</u>                            | <u>216</u>                   | <u>216</u>              |
| Balance at 31 December 2009                   | <u>635</u>               | <u>16</u>                                | <u>2,890</u>                        | <u>2,788</u>                 | <u>6,329</u>            |
| Balance at 1 January 2010                     | 635                      | 16                                       | 2,890                               | 2,788                        | 6,329                   |
| Profit for the period                         | -                        | -  | -                                   | 223                          | 223                     |
| Pension fund actuarial<br>movement net of tax | -                        | -  | -                                   | -                            | -                       |
| Dividends paid                                | -                        | -  | -                                   | -                            | -                       |
|   | <u>-</u>                 | <u>-</u>                                 | <u>-</u>                            | <u>223</u>                   | <u>223</u>              |
| Balance at 30 June 2010                       | <u>635</u>               | <u>16</u>                                | <u>2,890</u>                        | <u>3,011</u>                 | <u>6,552</u>            |

# Consolidated Statement of Cash Flows

|  | 6 months<br>ended<br>30.06.10<br>(Unaudited)<br>£000 | 6 months<br>ended<br>30.06.09<br>(Unaudited)<br>£000 | Year<br>ended<br>31.12.09<br>(Audited)<br>£000 |
|--|--|--|--|
| <b>Cash flows from operating activities</b>                                  |  |  |  |
| Profit for the period  | 223  | 370  | 284  |
| Adjustments for:   |  |  |  |
| Depreciation   | 490  | 484  | 988  |
| Goodwill impairment  | –  | 50   | 100  |
| Financial expense  | 148  | 153  | 273  |
| Loss on sale of property, plant<br>and equipment                             | –  | –  | –  |
| Taxation   | 89   | 153  | 134  |
| <b>Operating profit before changes in<br/>working capital and provisions</b> | <u>950</u>   | <u>1,210</u>   | <u>1,779</u>                                   |
| Movement in trade and other receivables                                      | (1,160)  | (1,099)  | (871)  |
| Movement in stock  | (111)  | (158)  | 175  |
| Movement in trade and other payables   | 480  | 324  | 139  |
| Movement in employee benefits  | –  | 100  | (150)  |
| <b>Cash generated from operations</b>  | <u>159</u>   | <u>377</u>   | <u>1,072</u>                                   |
| Income tax paid  | (11)   | (6)  | (158)  |
| <b>Net cash generated from<br/>operating activities</b>                      | <u>148</u>   | <u>371</u>   | <u>914</u>                                     |
| <b>Cash flows from investing activities</b>                                  |  |  |  |
| Purchases of property, plant<br>and equipment (PPE)                          | (407)  | (241)  | (520)  |
| Proceeds from sale of PPE  | 25   | 49   | 27   |
| Purchase of goodwill   | –  | –  | –  |
| <b>Net cash used in investing activities</b>                                 | <u>(382)</u>   | <u>(192)</u>   | <u>(493)</u>                                   |
| <b>Cash flows from financing activities</b>                                  |  |  |  |
| New borrowings   | –  | 2,000  | 2,219  |
| New finance leases   | 121  | 128  | –  |
| Repayments of borrowings   | (350)  | (16)   | (367)  |
| Finance lease payments   | (141)  | (101)  | (262)  |
| Interest paid  | (148)  | (153)  | (143)  |
| Dividends paid to company's shareholders                                     | –  | –  | (127)  |
| <b>Net cash used in financing activities</b>                                 | <u>(518)</u>   | <u>1,858</u>   | <u>1,320</u>                                   |
| <b>Net (decrease)/increase in cash and<br/>cash equivalents</b>              | <u>(752)</u>   | <u>2,037</u>   | <u>1,741</u>                                   |
| Cash and cash equivalents at beginning<br>of the period                      | <u>38</u>  | <u>(1,703)</u>                                       | <u>(1,703)</u>                                 |
| <b>Cash and cash equivalents at<br/>end of the period</b>                    | <u><u>(714)</u></u>                                  | <u><u>334</u></u>                                    | <u><u>38</u></u>                               |

# Notes to the Condensed Consolidated Financial Statements

## 1. Basis of preparation

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by EU and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The comparative figures for the financial year ended 31st December 2009 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

## 2. Significant accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December 2009.

## 3. Segment information

The following is an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

|  | Plastics     | Engineering  | Boards<br>& Panels | Total for<br>continuing<br>operations |
|--|--------------|--------------|--------------------|---------------------------------------|
| 2010   | £000         | £000         | £000               | £000                                  |
| <b>Revenue</b>                                   |              |              |                    |                                       |
| External sales                                   | 9,177        | 4,889        | 1,973              | 16,039                                |
| Inter segment sales                              | —            | —            | —                  | —                                     |
| Total revenue from<br>continuing operations      | <u>9,177</u> | <u>4,889</u> | <u>1,973</u>       | <u>16,039</u>                         |
| <b>Result</b>                                    |              |              |                    |                                       |
| Segment result from<br>continuing operations     | 228          | 237          | (67)               | 398                                   |
| Expenses pertaining to<br>the Company            |              |              |                    | <u>62</u>                             |
| Operating profit                                 |              |              |                    | 460                                   |
| Finance costs                                    |              |              |                    | <u>(148)</u>                          |
| Profit before tax                                |              |              |                    | 312                                   |
| Taxation   |              |              |                    | <u>(89)</u>                           |
| Profit for the period from continuing operations |              |              |                    | <u>223</u>                            |

# Notes to the Condensed Consolidated Financial Statements (continued)

## 3. Segment information (continued)

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

|   | Plastics     | Engineering  | Boards<br>& Panels | Total for<br>continuing<br>operations |
|---|--------------|--------------|--------------------|---------------------------------------|
| 2009  | £000         | £000         | £000               | £000                                  |
| <b>Revenue</b>                                      |              |              |                    |                                       |
| External sales                                      | 7,988        | 7,630        | 1,845              | 17,463                                |
| Inter segment sales                                 | —            | —            | —                  | —                                     |
| Total revenue from<br>continuing operations         | <u>7,988</u> | <u>7,630</u> | <u>1,845</u>       | <u>17,463</u>                         |
| <b>Result</b>                                       |              |              |                    |                                       |
| Segment result from<br>continuing operations        | 93           | 852          | (106)              | 839                                   |
| Expenses pertaining to<br>the Company               |              |              |                    | (163)                                 |
| Operating profit                                    |              |              |                    | 676                                   |
| Finance costs                                       |              |              |                    | (153)                                 |
| Profit before tax                                   |              |              |                    | 523                                   |
| Taxation  |              |              |                    | (153)                                 |
| Profit for the period from<br>continuing operations |              |              |                    | <u>370</u>                            |

## 4. Income tax (charge) credit

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 30% (6 months ended 30th June 2009: 30%)

## 5. Earnings per share

Basic earnings per share of 3.5p (2009: 5.8p) is based on the following data.

| Earnings  | 6 months<br>ended<br>30.06.10<br>(Unaudited)<br>£000 | 6 months<br>ended<br>30.06.09<br>(Unaudited)<br>£000 |
|---|--|--|
| Earnings for the purposes of basic earnings per share<br>(profit for the period attributable to equity holders of the parent) | <u>223</u>   | <u>370</u>   |

# Notes to the Condensed Consolidated Financial Statements (continued)

| Number of shares  | 6 months         | 6 months         |
|---|------------------|------------------|
|   | ended            | ended            |
|   | 30.06.10         | 30.06.09         |
|   | (Unaudited)      | (Unaudited)      |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | <u>6,351,452</u> | <u>6,351,452</u> |

## 6. Dividends

During the interim period no dividends were paid (2009: £Nil).

## 7. Property, plant and equipment

During the period, the Group spent £407,000 on additions to the plant and equipment.

It also disposed of certain machinery and equipment with a carrying value of £25,000 for proceeds of £25,000.

## 8. Contingencies and commitments

None to report.

## 9. Events after the balance sheet date

None to report.

## 10. Related party transactions

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

ARB Burrows was a director of Edward Le Bas Properties Limited through which the Group rents properties at normal commercial rates. Transactions during the period ended 30th June 2009 that require disclosure are detailed below:

|                |                                   |
|----------------|-----------------------------------|
| Rentals paid   | £103,000 (30 June 2009: £103,000) |
| Trade Creditor | £Nil (30 June 2009: £Nil)         |

ARB 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.

All intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the Group and therefore in accordance with IAS 24 related party disclosures are not disclosed.

## 11. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 23rd August 2010.

**TEX**  
**HOLDINGS p l c**

Claydon Business Park, Gipping Road  
Great Blakenham, Ipswich, Suffolk IP6 0NL, United Kingdom  
Telephone: 01473 830144 Facsimile: 01473 832545  
[www.tex-holdings.co.uk](http://www.tex-holdings.co.uk)