

Company Zotefoams PLC
TIDM ZTF
Headline Notice of AGM
Released 07:00 12-Apr-2010
Number 9990J07

RNS Number : 9990J
Zotefoams PLC
12 April 2010

Zotefoams plc

9 April 2010

Annual Report and Accounts 2009 and Notice of 2010 Annual General Meeting

In accordance with Listing Rule 9.6.1, Zotefoams plc has today submitted to the UK Listing Authority two copies of each of the following documents:

- Annual Report and Accounts for the year ended 31 December 2010
- Notice of the 2010 Annual General Meeting; and
- Form of Proxy for the 2010 Annual General Meeting

Copies of the above documents will be available for inspection at the UK Listing Authority's Document Viewing Facility which is situated at:

Financial Services Authority

25 The North Colonnade

Canary Wharf

London E14 5HS

Furthermore, in accordance with Disclosure and Transparency Rule 6.1.2, two copies of proposed new Articles of Association have been forwarded to the Financial Services Authority. A copy of the proposed Articles is available for inspection at Zotefoams plc's registered office at 675 Mitcham Road, Croydon, CR9 3AL and will also be available for inspection at the Annual General Meeting (AGM) venue from at least 15 minutes prior to the AGM until the conclusion of the AGM.

The AGM will be held at 10.00 am on Tuesday, 11 May 2010 at 675 Mitcham Road, Croydon CR9 3AL.

The documents are being posted/made available to shareholders today. The 2009 Annual Report and Accounts and 2010 Notice of Meeting will shortly be available on Zotefoams plc's website at www.zotefoams.com.

In accordance with Disclosure and Transparency Rule 6.3.5, extracted below from the Annual Report and Accounts is a management report in full unedited text which contains a responsibility statement, principal risk factors and details of related party transactions. Accordingly, page numbers refer to those in the Annual Report and Accounts. A condensed set of financial statements were appended to Zotefoams plc's 2009 preliminary results announcement issued on 9 March 2010. This material is not a substitute for reading the full 2009 Annual Report and Accounts.

For further information:

Clifford Hurst

020 8664 1600

UNEDITED EXTRACT FROM ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company 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 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 Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Risks and Uncertainties

Zotefoams' business and share price may be affected by a number of risks, not all of which are in our control. Zotefoams has a process by which such risks are identified, assessed and managed and this is set out in the Corporate Governance Report. Sections of the annual report contain forward-looking statements, including statements relating to future demand for the Group's products, research and development, liquidity and cash resources. These forward-looking statements involve risks and uncertainties because they

relate to events that may or may not occur in the future. Zotefoams' management believe the specific risks which are set out below are the principal risks, as identified under our risk management process, which could affect our profits, assets and reputation. However, other risks may also adversely affect the Group. Accordingly actual results may differ materially from anticipated results because of a variety of risk factors including: changes in global, political, economic, business, competitive and market forces; changes in legislation and tax rates; future business combinations or disposals; relations with customers and customers credit risk; events affecting international security, including global health issues and terrorism; changes in the regulatory and safety environment and the outcome of litigation.

Operational Disruption

Zotefoams' business is dependent on the ongoing operation of manufacturing facilities. Any significant operational disruption could impact our ability to manufacture and supply products. The Directors consider the Company's extensive Safety, Health and Environment ("SHE") policies and procedures to be the main mitigating controls around these risks. These are described in more detail in the Corporate and Social Responsibility Report on page 31. The Group also holds insurance which is designed to cover capital reinstatement and loss of profits in the event of operational disruption caused by certain events.

We use pressure equipment which is operated under the Pressure Systems Safety Regulations 2000 and SAFed ("best practice" system) which requires systematic internal and frequent external inspections.

Supply Chain Disruption

Certain raw materials are currently only available from single sources. Inability to source these materials may result in an inability to supply products to our customers. Zotefoams seeks wherever practical to purchase materials from more than one source but the highly specified nature of our product lines means this is not always possible. We therefore monitor the situation closely and maintain "desk-top" studies of alternative materials which may be offered to our customers as substitutes.

Technological Change and Competitor Activity

Market demand for our products depends, in part, on availability of suitable alternatives. Any significant change in competitor activity or a technological change which brings new or enhanced products to the market may result in a change in demand for our products. Zotefoams maintains close contacts with existing customers and end-users to understand market activity and trends and has a constant flow of product variants developed for specific projects to maintain and enhance our position with our customers. We are developing a portfolio of high-performance polymers which are unique and protected by both patents and process capability. We believe these products will open up new markets with a significant and lasting differential advantage for the Group.

Pension Liabilities

Zotefoams operates a Defined Benefit Pension Scheme with retirement benefits being based on final salary. The value of scheme liabilities and assets, along with the assumptions used in this valuation, are disclosed in note 23 of the financial statements. Any change in the assumptions used or where the actual outcome varies from these assumptions may have a significant effect on the liabilities or assets which, ultimately, may be the responsibility of the Company.

We have taken steps to minimise the risk to the Company by closing the Scheme to new members in 2001 and closing it to future accrual of benefits in 2005. In April 2008 the triennial actuarial review valued the Scheme deficit at £3.33m, an increase of £0.79m from the previous triennial review in April 2005. As a result of this review the Company agreed with the Trustees to pay £55,000 per month into the Scheme from January 2009 until June 2016 to eliminate this deficit, based on the actuarial assumptions made in April 2008.

Foreign Exchange

Zotefoams mainly sells in the local currencies of the customer and in 2009 approximately 80% of our revenue was in currencies other than sterling, particularly euros and US dollars. Our manufacturing assets and costs, including capital expenditure, are substantially in the UK and therefore sterling denominated, although we do have US dollar costs associated with our facility in Kentucky, USA and the majority of our raw material purchases are denominated in euros. The net impact of this is that we generate surpluses in euros and US dollars which we convert to sterling. We manage this risk firstly by converting all purchases to either euros or US dollars wherever sensible. This reduces our net exposure and transaction costs of converting from one currency to another. The Group hedging policy to deal with the remaining risk is set out in note 21 of the financial statements.

Financing

The Company finances its activities partly through the use of bank overdraft and loan facilities, the utilisation of which fluctuates during the year. The Company has a £4.90m overdraft facility which is repayable on demand and a £3.30m loan. This loan is repayable over five years, has no operating covenants and is secured against certain items of plant and equipment. At 31 December 2009 £0.50m of this loan had been repaid. Net debt at 31 December 2009 was £0.43m (2008: £1.15m) and gearing remains low at 2% (2008: 4%).

Related party transactions

Directors

The Directors of the Company as at 31 December 2009 and their immediate relatives control 0.8% of the voting shares of the Company. Details of Directors' pay and remuneration are given in the Directors' Remuneration Report on page 26. The Directors are considered to be the only key management personnel.

Subsidiaries

Zotefoams plc owns 100% of the shares of Zotefoams International Ltd, which is incorporated in the UK and Zotefoams Inc., which is incorporated in the USA. Common control exists between Zotefoams plc and Zotefoams Employee Benefit Trust (EBT) and Zotefoams EBT has therefore been consolidated as described in note 1b. Transactions between Zotefoams plc and these subsidiaries are as follows overleaf:

Income Statement

	Sales to		Service fees to		Interest charged to		Interest charged from	
	2009	2008	2009	2008	2009	2008	2009	2008
	£000	£000	£000	£000	£000	£000	£000	£000
Zotefoams Inc.	4,601	3,405	72	72	94	136	44	21

Balance Sheet

	Loan owed to		Loan owed by		Payables owed to		Receivables owed by		Investment in	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Zotefoams Inc.*	2,848	1,217	4,025	4,521	4	-	1,752	884	-	-
Zotefoams International	-	-	-	-	-	-	-	-	3,863	3,863

*Loans with Zotefoams Inc. are interest bearing

Associates

Zotefoams Inc. owns 30% of the shares of MuCell Extrusion LLC. Transactions between Zotefoams plc and its subsidiaries and this associate are as follows:

	Note	Recharges of costs incurred by Zotefoams plc		Distribution received by Zotefoams Inc	
		2009	2008	2009	2008
		£000	£000	£000	£000
Income Statement		40	20	-	-
Balance Sheet	13	-	-	(104)	(15)

This information is provided by RNS
The company news service from the London Stock Exchange

END

NOABLGDSGGBGGC

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2009 London Stock Exchange plc. All rights reserved

Regulatory