Company Registration No 00706645

ST BERNARD COMPOSITES LIMITED

Annual Report and Financial Statements

Year ended 31 December 2009

ST BERNARD COMPOSITES LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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ST BERNARD COMPOSITES LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J B Merritt
D P Fletcher
P C George
M J Warren

SECRETARY

D Kempster

REGISTERED OFFICE

21 Invincible Road
Farnborough
Hampshire
GU14 7QU

AUDITORS

Deloitte LLP
Reading, United Kingdom

ST BERNARD COMPOSITES LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the period ended 31 December 2009

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is principally engaged in manufacturing and supplying high specification Composite structures to the Aerospace and Medical Market sectors

Turnover for the year was £21,736,395 (year to 31 December 2008 £23,376,302) decreasing the annual 'run rate' by 7% The market indicators suggest that a period of flat or declining turnover will continue for the next year but as the Company converts and secures long term agreements with current and new customers the Company will see growth in the out years

The Directors are satisfied with the level of performance attained during the period

The sector continues to be very competitive, and the company has sustained its long-standing practice of continuous investment in its infrastructure and innovative engineering and design, which is delivering lean manufacturing, improved productivity and excellent customer service

The Company has continued to hedge its foreign currency exposure, as outlined in more detail in the accounting policies, to protect against the current volatility in the foreign exchange and interest markets

The Directors are committed to this business strategy of continuous investment and improvement in people, plant, processes and systems as a sound foundation to continuing profitable growth The Company measures and controls its performance in accordance with these key indicators on a regular basis

Given the global demand for Composite structures in preference to the traditional metallic, the Company is beginning to identify synergies with sister companies within the Primus Group, allowing us to pursue an increased statement of work This gives the Directors confidence in the medium and long term future

FUTURE DEVELOPMENTS

As part of a larger group, St Bernard brings clear market and product synergies that will enable the combined group to provide a more comprehensive set of product solutions to our customers The Company will also benefit from the strength and opportunity of a wider geographical customer base, and of being part of a group strategically positioning itself to expand effective relationships with OEMs and key Tier 1 customers

The Group is investing in a composite facility in Thailand which should see production in 2011 This development will see the transfer of some legacy work from the UK facility and thus allow the UK facility to introduce new programs and parts commensurate with their advanced technical capabilities

The Directors are confident that the business will develop in line with the prevailing market conditions, under-pinned by a commitment to Research and Development, and now being a key part of a progressive group

The market sector which we address is going through unprecendented growth, driven by new products, B787 and A350 coming to market, and a replacement new 'single aisle' aircraft being developed in the 2014 time-frame These new variants are mainly composite structures as opposed to metallic, and the Company is well positioned to support both the Boeing and Airbus variants going forward

ST BERNARD COMPOSITES LIMITED

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including cash flow, credit risk, liquidity risk and price risk The use of financial derivatives follows the company's policies which are approved by the Board of Directors and determine the use of financial derivatives to manage these risks The Company does not use derivative financial instruments for speculative purposes

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates The Company uses foreign exchange forward contracts to hedge these exposures

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables

The Company'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 these cash flows

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance

Price risk

The Company is exposed to commodity price risk The Company manages its exposure to the risk in that it has enabled pricing and the risk is transferred to the customer, or it minimises the risk by utilising lean purchasing or economic order quantity management

Going Concern

As stated above, the directors believe the company to be in a good position going forward The company has long term agreements with existing customers and new customers in the pipeline The company is part of a strong and progressive group

As highlighted in note 12 to the financial statements the company partly meets its day to day working capital requirements through an overdraft facility and partly through Group funding but it also has cash reserves The overdraft facility was renewed for another year on the 25th June 2010

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility The company will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed However the company has held discussions with bankers regarding its future borrowing needs and no matters have been drawn to its attention to suggest that bankers regarding its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

RESULTS AND DIVIDENDS

The results for the period are set out on page 7

The Directors do not recommend payment of any dividends (2008 £nil))

ST BERNARD COMPOSITES LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The dırectors who served the company durıng the perıod and to the date of these accounts are set out on page 1

TAXATION STATUS

The Company ıs a close company wıthın the provısıons of the Income and Corporatıon Taxes Act 1988

SUPPLIER PAYMENT POLICY

The company's polıcy ıs to settle terms of payment wıth supplıers when agreeıng the terms of each transactıon, ensure that supplıers are made aware of the terms of payment and abıde by the terms of payment Trade credıtors of the company at 31 December 2009 were equıvalent to 53 1 (31 December 2008 54 3) days' purchases, based on the average daıly amount ınvoıced by supplıers durıng the year

AUDITORS

Each of the persons who ıs a Dırector at the date of approval of thıs report confirms that

- so far as the Dırector ıs aware, there ıs no relevant audıt ınformatıon of whıch the company's audıtors are unaware, and
- the Dırector has taken all the steps that he/she ought to have taken as a Dırector ın order to make hımself/herself aware of any relevant audıt ınformatıon and to establısh that the company's audıtors are aware of that ınformatıon

Thıs confirmatıon ıs gıven and should be ınterpreted ın accordance wıth the provısıons of s418 of the Companıes Act 2006

Deloıtte LLP have expressed theır wıllıngness to contınue ın office as audıtors and a resolutıon to reappoınt them wıll be proposed at the forthcomıng Annual General Meetıng

By Order of the Board

D Kempster
Secretary
24th September 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST BERNARD COMPOSITES LIMITED

We have audited the financial statements of St Bernard Composites Limited for the period ended 31 December 2009 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, and the related notes 1 to 24 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

John Clennett (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, UK
24 September 2010

ST BERNARD COMPOSITES LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	2	21,736,395	23,376,302
Cost of sales		(14,733,715)	(15,491,633)
GROSS PROFIT		7,002,680	7,884,669
Distribution costs		(605,094)	(576,405)
Administrative expenses		(4,880,892)	(4,751,977)
Other operating income / (expense)	3	2,624,167	(6,847,656)
OPERATING PROFIT / (LOSS)	4	4,140,861	(4,291,369)
Interest payable and similar charges	5	(123,996)	(198,898)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		4,016,865	(4,490,267)
Tax (charge) / credit on profit / (loss) on ordinary activities	8	(1,130,471)	1,238,008
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	18, 19	2,886,394	(3,252,259)

The profit for the current year and the loss for the preceding year all derives from continuing activities

The company has no gains and losses in either year other than the above, and therefore no seperate statement of total recognised gains and losses has been presented

ST BERNARD COMPOSITES LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2009

	2009 £	2008 £
REPORTED PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4,016,865	(4,490,267)
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	9,955	9,955
HISTORICAL COST PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4,026,820	(4,480,312)
HISTORICAL COST PROFIT / (LOSS) FOR THE PERIOD RETAINED AFTER TAXATION	2,896,349	(3,242,304)

ST BERNARD COMPOSITES LTD

BALANCE SHEET
At 31 December 2009

	Note	As at 31 December 2009 £	As at 31 December 2008 £
FIXED ASSETS			
Tangible assets	9	6,295,423	6,784,870
CURRENT ASSETS			
Stocks	10	4,983,749	4,279,823
Debtors	11	7,075,197	7,964,617
Cash at bank and in hand		1,211,734	2,650,203
		13,270,680	14,894,643
CREDITORS: amounts falling due within one year	12	(6,072,186)	(6,631,220)
Derivatives at fair value (cross currency swap)		(2,381,844)	(6,191,918)
NET CURRENT ASSETS		4,816,650	2,071,505
TOTAL ASSETS LESS CURRENT LIABILITIES		11,112,073	8,856,375
CREDITORS amounts falling due after more than one year	13	(2,445,699)	(2,939,258)
NET ASSETS		8,666,374	5,917,117
CAPITAL AND RESERVES			
Called up share capital	17	74,074	74,074
Capital redemption reserve	18	26,026	26,026
Revaluation reserve	18	1,134,293	1,144,248
Profit and loss account	18	7,431,981	4,672,769
SHAREHOLDER'S FUNDS	19	8,666,374	5,917,117

The financial statements of St Bernard Composites Limited (registration number 00706645) were approved by the Board of Directors on September 24th, 2010

Signed on behalf of the Board of Directors

J B Merritt

Director

D P Fletcher

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1 ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention modified to include the revaluation of land and buildings and financial instruments at fair value, and in accordance with applicable United Kingdom accounting standards

The principal accounting policies are summarised below They have been applied consistently throughout the current and prior year

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 2 The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

As highlighted in note 12 to the financial statements the company partly meets its day to day working capital requirements through an overdraft facility and partly through Group funding but it also has cash reserves The overdraft facility was renewed for another year on the 25 June 2010

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility The company will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed However the company has held discussions with bankers regarding its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts Turnover is recognised when the goods are delivered to the customer

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation and any provision for impairment Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Leasehold land & buildings	2 5% straight line
Plant & machinery	12 5% straight line
Fixtures and fittings	10% - 33% straight line
Motor vehicles	25% straight line

Residual value is calculated on prices prevailing at the date of acquisition or revaluation

Assets under construction are not depreciated until the asset is in use, at which time they are transferred to the applicable fixed asset category and depreciated in line with the deprecation rate for that category

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES (CONTINUED)

Revaluation of properties

Individual freehold and leasehold properties are revalued regularly with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding leasing commitments are shown as obligations to the lessor

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the term of the lease term, even if the payments are not made on such a basis

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal Provision is made for obsolete and slow moving items

Pensions

The Company operates a defined contribution scheme The pension costs charged in the financial statements represent the contributions payable by the Company during the period Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to the profit and loss account

Research and development

Expenditure on research and development is charged to the profit and loss account in the period in which it is incurred

Financial instruments

The Company's policy is

a to hedge foreign currency exposure by the purchase of forward exchange contracts that limit exposure and wherever possible build the forward contract rate into the customer price, and

b to hedge the balance sheet exposure to exchange rates by the offset of foreign currency debtors with creditors wherever possible

The Company uses derivative financial instruments, principally forward foreign currency contract, to reduce its exposure to exchange rate movements The company does not hold or issue derivatives for speculative or trading purposes

Derivative financial instruments are initially recognised at their fair value at the date a derivative contract is entered in to and are subsequently remeasured at their fair value at each balance sheet date Changes in their fair value are recognised in the profit and loss account as they arise A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into Forward exchange contracts are marked to market using listed market prices

Trade receivables

Trade receivables are measured at amortised cost Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired

Cash and cash equivalents

Cash and cash equivalents comprise cash in-hand, call deposits and bank overdrafts, where there is right of set off Bank overdrafts are presented as current liabilities to the extent that there is no right of set-off with cash balances

Trade payables

Trade payables are initially measured at fair value They are subsequently measured at amortised cost

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Bank loans and overdrafts

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges including premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax

	2009 £	2008 £
Georgraphical analysis of turnover		
United Kingdom	6,565,524	8,412,076
Overseas	15,170,871	14,964,226
	21,736,395	23,376,302

All turnover arises from the principal activity of the Company being the manufacture and supply of high specification composite structures

3. OTHER OPERATING INCOME / (EXPENSE)

	2009 £	2008 £
Foreign exchange loss	(1,185,907)	(434,738)
Change in fair value of derivatives	3,810,074	(6,412,918)
	2,624,167	(6,847,656)

4 OPERATING PROFIT / (LOSS)

	2009 £	2008 £
Operating profit / (loss) is stated after charging/(crediting)		
Depreciation of tangible assets owned	629,672	632,566
Depreciation of tangible assets leased	122,814	87,897
Operating lease rentals – plant and machinery	13,735	13,469
Loss on disposal of fixed assets	-	243
Research and development	187,329	194,487
Auditors' remuneration	60,000	60,000
Other operating (income) / expense (note 3)	(2,624,167)	6,847,656

5 INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	29,173	57,199
On group borrowings	83,167	105,006
Hire purchase interest	11,656	36,693
	123,996	198,898

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

6. DIRECTORS' EMOLUMENTS

	2009 £	2008 £
Remuneration	99,996	152,500
Pension contributions	15,000	15,000
	114,996	167,500
Emoluments of the highest paid Director	99,996	152,500
Pension contributions for the highest paid Director	15,000	15,000

The number of Directors for whom retirement benefits are accruing under money purchase pension schemes is 1 (2008 1)

Three (2008 three) of the company directors are also directors of other Primus Int Group companies, they are remunerated for their services by another company The amount allocated to this Company in respect of the charge for their services is £nil (2008 £nil)

7. EMPLOYEES

The average monthly number of employees (including Directors) during the period was

	2009 Number	2008 Number
Direct production staff	157	168
Selling and distribution	2	2
Other support staff	80	77
	239	247

	2009 £	2008 £
Employment costs		
Wages and salaries	6,280,650	6,546,576
Social security costs	616,620	625,460
Other pension costs	168,534	143,061
Other employment costs	51,444	48,555
	7,117,248	7,363,652

ST BERNARD COMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

8 TAXATION

	2009 £	2008 £
Domestic current year tax		
UK corporation tax on profits of period	118,527	617,945
Adjustment for prior years	(17,879)	(78,767)
Current tax charge	100,648	539,178
Deferred tax		
Effect of change in tax rate	-	31,735
Adjustment for prior years	17,351	64,110
Origination and reversal of timing differences	1,012,472	(1,873,031)
Deferred tax charge / (credit), net	1,029,823	(1,777,186)
Tax charge / (credit) for the period	1,130,471	(1,238,008)

The tax assessed for the period varies from the standard rate of corporation tax of 28% (year ended 1 April 2008 28%) as follows

Profit / (loss) on ordinary activities before taxation	4,016,865	(4,490,267)
Profit / (loss) on ordinary activities before taxation multiplied by the standard applicable rate of UK corporation tax of 28% (2008 28 5%)	1,124,722	(1,279,726)
Effects of		
Non deductible expenses	30,835	43,696
Capital allowances in excess of depreciation	54,542	25,119
Other tax adjustments	(1,073,135)	1,844,795
Research and development	(16,380)	(15,939)
Adjustment for prior years	(17,879)	(78,767)
Other tax adjustments	(2,057)	-
Current tax charge	100,648	539,178

9. TANGIBLE FIXED ASSETS

	Assets under contruction £	Leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation						
At 1st January 2009	214,068	4,137,943	4,979,928	2,262,774	105,973	11,700,686
Additions	-	-	172,747	64,737	25,555	477,107
Disposals	-	-	-	(1,731)	(9,999)	(11,730)
At 31 December 2009	214,068	4,137,943	5,152,675	2,325,780	121,529	11,951,995
Depreciation						
At 1st January 2009	-	320,818	3,406,924	1,087,175	100,899	4,915,816
On disposals	-	-	-	(1,731)	(9,999)	(11,730)
Charge for the period	-	116,756	249,836	379,477	6,417	752,486
At 31 December 2009	-	437,574	3,656,760	1,464,921	97,317	5,565,572
Net book value						
At 31 December 2009	214,068	3,700,369	1,495,915	860,859	24,214	6,295,423
At 31 December 2008	214,068	3,817,125	1,573,004	1,175,599	5,074	6,784,870

The leasehold land and buildings were valued on an open market basis with existing use by independent Chartered Surveyors as at June 2005

On a historical cost basis land and buildings would be included at

	2009 £	2008 £
Cost	3,281,445	3,281,445
Aggregate depreciation	(690,604)	(608,568)

Included in plant and machinery are assets held under finance leases or hire purchase contracts as follows

	2009 £	2008 £
Net book value	484,032	591,363
Depreciation charge for the period	122,814	142,829

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

10. STOCKS

	2009 £	2008 £
Raw materials and consumables	1,536,449	1,320,885
Work in progress	3,447,300	2,958,938
	4,983,749	4,279,823

There is no material difference between the balance sheet value of stocks and their replacement value

11. DEBTORS

	2009 £	2008 £
Trade debtors	5,317,580	6,012,934
Other debtors	378,940	341,270
Prepayments and accrued income	197,267	161,120
Amounts owed to Group companies	728,301	-
Corporation Tax	33,639	-
Deferred tax asset (note 14)	419,470	1,449,293
	7,075,197	7,964,617

Credit risk

The company's principal financial assets are cash and trade and other receivables The company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

The trade receivables balance includes £2,134,166 (2008 £2,071,477) relating to one customer There are no other concentrations of credit risk, with the remaining exposure spread over a number of customers

The carrying amount of financial assets recorded in the financial statements net of any allowances for losses represents the company's maximum exposure to credit risk The Directors consider that the carrying amount of trade debtors approximates to their fair value

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

11 DEBTORS (CONTINUED)

The ageing profile of unprovided overdue debtors was as follows

Days overdue	2009 £	2008 £
1-30 days	791,870	1,095,426
31 – 60 days	110,421	53,879
61 – 90 days	106,135	828
More than 90 days	141,850	-
	1,150,276	1,150,133

The company provides against its trade receivables where there are serious doubts as to future recoverability based on the length of time that the receivable has been overdue The trade receivables balance is shown net of a general provision of £10,000 (2008 £10,000) No specific provisions were made at year end (2008 £nil)
The average credit period taken on sale of goods is 93 75 days

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank overdraft	1,073,869	2,069,560
Net obligations under finance leases and hire purchase contracts	115,725	247,088
Trade creditors	1,865,918	2,307,452
Corporation tax	-	111,605
Group relief payable to parent company	787,321	596,853
Other taxes and social security costs	146,733	191,677
Other creditors	50,216	185,109
Amounts due to group undertakings	1,771,382	383,137
Accruals and deferred income	261,022	538,739
	6,072,186	6,631,220

Trade creditors and accruals principally comprimise amounts outstanding for trade purchases and ongoing costs The average credit period taken for purchases is 71 days The Company has financial risk management policies in place to ensure that all payables are paid within preagreed credit terms The Directors consider that the carrying amount of trade creditors approximates to their fair value

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

13 CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £	2008 £
Group borrowings	2,225,021	2,525,132
Net obligations under finance leases and hire purchase contracts	220,678	414,126
	2,445,699	2,939,258

The interest rate on group borrowings is 2 5% above UK or US LIBOR, dependent on the currency of the borrowing The group borrowings carry no fixed repayment terms, only that they are not due within one year

Net obligations under finance leases and hire purchase contracts

	2009 £	2008 £
Repayable within one year	115,725	247,088
Repayable between one and five years	249,722	443,989
	365,447	691,077
Finance charges and interest allocated to future accounting periods	(29,044)	(29,863)
	336,403	661,214
Included in liabilities falling due within one year	(115,725)	(247,088)
	220,678	414,126

It is the company's policy to lease certain of its plant and machinery under finance lease and hire purchase arrangement The average lease term is four years Interest rates are fixed at the contract date All leases are on afixed repayment basis and no arrangements have been entered into for contingent rental payments

Finance leases are secured on the assets to which they relate The fair value of finance leases is approximately equal to their carrying value

14. DEFERRED TAX ASSET

	Deferred taxation £
At 1 January 2009	1,449,293
Origination and reversal of timing differences	(1,029,823)
At 31 December 2009	419,470

Deferred tax is provided at 28% (2008 28%) analysed over the following timing differences

	2009 £	2008 £
Accelerated capital allowances	(253,872)	(308,547)
Other timing differences	673,342	1,757,840
	419,470	1,449,293

No provision for deferred taxation has been made in respect of the long leasehold land and buildings included in these accounts at valuation It is estimated that if they were sold at valuation the tax liability would amount to £nil (2008 £nil)

15 PENSION COSTS

The Company contributes to personal pension plans for certain employees The pension cost charge represents contributions payable by the Company and amounted to £168,534 (2008 £143,061) At the balance sheet date contributions of £16,440 (2008 £9,393) were unpaid and are included in creditors

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The company's policy is

(a) to limit foreign currency exposure through the purchase of forward exchange contracts that limit exposure and wherever possible build the forward contract rate into the customer price, and

(b) to hedge the balance sheet exposure to exchange rates by offset of foreign currency debtors with creditors wherever possible

More details on the company's financial risk management objectives and policies are given in the directors' report on page 3

Details on the company's credit is given in note 11

<u>Currency risk</u>

The company utilises currency derivatives in the form of cross currency contracts to hedge its foreign currency risk The currency giving rise to this risk is primarily US dollars The net notional, or net contracted amounts of foreign currency related forward sales contracts, classified by year of maturity are shown below

US dollars/Sterling	2009 £	2008 £
Within 1 year	5,740,137	6,363,488
Between 1 – 5 years	10,794,385	16,534,522
Total	16,534,522	22,898,010

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

17 SHARE CAPITAL

	2009	2008
	£	£
Allotted, called up and fully paid		
74,074 ordinary shares of £1 each	74,074	74,074

18. STATEMENT OF MOVEMENT ON RESERVES

	Capital redemption reserve	Re-valuation reserve	Profit and loss account
	£	£	£
Balance at 1 January 2009	26,026	1,144,248	4,672,769
Retained profit for the period	-	-	2,886,394
Transfer from revaluation reserve to profit and loss account	-	(9,955)	9,955
Distribution to parent company in respect of tax losses paid for	-	-	(137,137)
Balance at 31 December 2009	26,026	1,134,293	7,431,981

During the year the company paid £190,468 (2008 £596,853) for tax losses in respect of expenses of £190,468 (2008 £596,853)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit / (loss) for the financial year	2,886,394	(3,252,259)
Distribution to parent company in respect of tax losses paid for	(137,137)	(422,721)
Net addition / (reduction in) to Shareholders' funds	2,749,256	(3,674,980)
Opening Shareholders' funds	5,917,117	9,592,097
Closing Shareholders' funds	8,666,374	5,917,117

20 COMMITMENTS

At 31 December the Company had annual commitments under non-cancellable operating leases as follows

	2009	2008
	£	£
Expiry date		
Within two – five years	12,403	14,567

21 RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, Primus International Inc have not been disclosed in these financial statements

22 CONTINGENT LIABILITIES

The company is involved in a contractual dispute with one of its customers The amount claimed against the company is $4 4m The company has made a counter claim for an amount of $5 4m The directors believe there is no merit to the claim and that no amounts will be paid

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

23. ULTIMATE HOLDING COMPANY

The parent undertaking of the only group of undertakings for which group financial statements are drawn up is Primus International Inc , 10500 N E Eight Street Bellevue, WA 98004, a company incorporated in the United States of America The immediate parent undertaking is SBP Holdings Limited, a company incorporated in Great Britain The ultimate controlling party is Oak Hill Capital Partners, a company incorporated in the United States of America Copies of the financial statements of Primus International Inc may be obtained from the above address

24. CASH FLOW STATEMENT

The company is exempt from preparing a cashflow statement under FRS1