Company Registration No. 03139509

International Process Technologies Limited and subsidiary companies

Report and Financial Statements

31 December 2009

REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M Stoke (Chairman)
P R Benson
K J Bilham
C F Dunnett

SECRETARY

K J Bilham

REGISTERED OFFICE

Trading Estate
Farnham
Surrey
GU9 9NY

BANKERS

Bank of Scotland
PO Box 208
21 Prince Street
Bristol
BS99 7JG

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Southampton, United Kingdom

SOLICITORS

Burges Salmon
Narrow Quay House
Narrow Quay
Bristol
BS1 4AH

DIRECTORS' REPORT
Year ended 31 December 2009

The dırectors present theır annual report and the audıted financıal statements for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The prıncıpal actıvıty of the company ıs that of a holdıng and management servıce company to the IPT Group of companıes The prıncıpal tradıng actıvıty of the group ıs that of plastıc engıneerıng operatıons, coverıng the manufacture of plastıc materıals, plastıc mouldıng, compoundıng and grındıng and plastıc coatıng

The company contınues to ınvest ın research and development whıch has resulted ın a number of new products beıng ıntroduced to the market ın the year The dırectors regard thıs ınvestment as key to the contınued success ın the medıum to long term future of the busıness

As shown ın the consolıdated profit and loss account on page 7, the company's sales have decreased by 15 6% over the prıor year (2008 3 3% ıncrease) The sales declıne can be attrıbuted to the global recessıon that has affected all ındustry sectors wıth varyıng degrees All geographıc areas of the busıness suffered wıth sıgnıficant reductıons ın North Amerıca 65% of prıor year and Unıted Kıngdom at 76% of last year The fall ın Europe was not nearly as great due to the ımpact of fallıng sterlıng rates agaınst the Euro resultıng ın better prıces ın sterlıng terms The years results were a tale of two halves wıth the start to 2009 partıcularly dıfficult wıth demand patterns from customers beıng very erratıc As a consequence the group operated ıts factorıes on reduced hours for the first tradıng quarter The commıtment of the company's staff ensured that job losses were kept to an absolute mınımum thus ensurıng that we had the requısıte skılls wıthın the organısatıon to react to the ımprovıng clımate of the second half of 2009 The start of 2010 has been encouragıng wıth sales volumes contınuıng at second half levels across the busıness However as ınventory levels were reduced by supplıers ın 2009 we are now startıng to see prıce ıncreases for materıal feedstocks, whıch wıll be a challenge for the new year

The company's cash levels ımproved by £2 2m from £3 8m total net borrowıngs at the end of 2008 to £1 6m total borrowıngs at the end of the current financıal year The group ınterest payable on loans and overdrafts at £0 2m (2008 £0 4m) was a reductıon last year's level, and contınue to benefit ın the comıng year due to base rate cuts ın the UK and Europe

PRINCIPAL RISKS AND UNCERTAINTIES

The company's sales to customers ın the Unıted States, Mıddle East and the Far East are ın US Dollars and therefore the company ıs exposed to movement ın the US Dollar to pound exchange rates, however there ıs lımıted hedgıng as there are purchases that the company makes ın US Dollars from tıme to tıme The company also sells and purchases products ın Europe but mınımıses thıs rısk by operatıng currency accounts for these transactıons Where possıble the group wıll enter forward sale and purchase contracts to secure rates of exchange

The group ıs also financed by long term loan and operatıonal finance agreements whıch have a fixed premıum related to the bank base rates and therefore there ıs exposure to changes ın these base rates, albeıt thıs has been of benefit to the group as there have been sıgnıficant changes ın Lıbor rates ın the early part of 2009

Wıth many manufacturers ın the Unıted Kıngdom revıewıng where they make theır products there ıs a rısk that metal fabrıcatıon could move offshore to possıbly Chına or Eastern Europe The group contınues to focus on supply chaın management and by followıng thıs strategy the group have been able to replace lost busıness by growıng exıstıng customers and attractıng new customers

RESULTS AND DIVIDENDS

The profit for the year after taxatıon was £0 9m (2008 £1 0m) The dırectors do not recommend payment of a dıvıdend (2008 £nıl) and propose that the profit for the year ıs transferred to reserves The gross profit at £5 4m represents 25 7% of sales and compares to the 2008 performance (23 4%) Throughout the year there were ıncreases ın materıals and processıng costs, partıcularly energy costs ın the UK and ıt has taken some tıme to pass these onto customers However there were sıgnıficant falls ın materıal costs at the end of the prevıous year ın response to the declıne ın world tradıng condıtıons, whıch ımproved margıns ın the medıum term

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2009

POST BALANCE SHEET EVENTS

An ordinary share held by Bridgepoint Capital was returned to the company on 10 January 2010 On 9 March 2010 a capital buy back of preference shares to the value of £2,401,474 was made

FUTURE PROSPECTS

The directors intend to take advantage of the market opportunities in Europe and the Far East that have opened up to the company in 2010 and are in negotiations with new customers in these regions It is the directors' aim to improve where possible operating efficiencies to ensure that group operating profit is maintained This will be achieved through focussed improvement initiatives and targeted capital investment

GOING CONCERN

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future The company is in a net current liabilities position, due to intercompany debt The directors have satisfied themselves that this debt will not be called and hence will not have a detrimental effect on the company Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

DIVIDENDS

The directors are not recommending payment of a dividend on the ordinary shares (2008 £nil) No dividend is due to the preference shareholders as they have previously agreed to waive their entitlement to past unpaid dividends together with future dividends in respect of the 7% cumulative redeemable preference shares

DIRECTORS AND THEIR INTERESTS

The current list of directors is shown on page 1 All directors served throughout the year and their interests in the ordinary shares of the company as at 31 December 2009 and 31 December 2008 were

	31 December 2009 No	31 December 2008 No
P R Benson	5,600,000	5,600,000
K J Bilham	5,600,000	5,600,000
C F Dunnett	8,960,000	8,960,000
J M Stoke	7,098,000	7,098,000

EMPLOYEES

The Group pursues a policy of employee communication through meetings, including briefings and team meetings, and through internal notification of the Group focus and movement

The Group employs disabled persons whenever circumstances permit, and full and fair consideration is given to applications for employment by disabled persons having regard to their particular aptitudes and disabilities

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2009

AUDITORS

In the case of the director of the company at the date when this report is approved

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue as auditors and a resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

K J Bilham
Director

25 June 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,
- 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL PROCESS TECHNOLOGIES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of International Process Technologies Limited for the year ended 31 December 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Movements in Consolidated Shareholders' Funds, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 27 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 group's and the parent company's affairs as at 31 December 2009 and of the group's 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

Tobias Wright (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Southampton, United Kingdom
30 June 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

		Note	2009 £'000	2008 £'000
Turnover – continuing operations		2	20,990	24,884
Cost of sales			(15,604)	(19,065)
Gross profit			5,386	5,819
Distribution costs			(1,083)	(1,334)
Administrative expenses	- ordinary		(2,644)	(2,440)
	- exceptional		(15)	(89)
			(3,742)	(3,863)
Operating profit – continuing operations		3	1,644	1,956
Total interest receivable and similar income		5	26	10
Interest payable and similar charges			(167)	(411)
Net expense on pension			(345)	(122)
Interest payable and similar charges		5	(512)	(533)
Profit on ordinary activities before taxation			1,158	1,433
Tax charge on profit on ordinary activities		6	(282)	(429)
Retained profit for the financial year		19	876	1,004

CONSOLIDATED BALANCE SHEET
31 December 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Intangible assets	8	28	32
Tangible assets	9	5,788	6,434
		5,816	6,466
CURRENT ASSETS			
Stocks	11	1,654	1,645
Debtors	12	3,427	4,121
Cash at bank and in hand		979	1,379
		6,060	7,145
CREDITORS: amounts falling due within one year	13	(4,531)	(6,131)
NET CURRENT ASSETS		1,529	1,014
PENSION (LIABILITY)/ASSET	19, 21	(1,295)	173
TOTAL ASSETS LESS CURRENT LIABILITIES		6,050	7,653
CREDITORS: amounts falling due after more than one year	14	1,704	2,632
PROVISIONS FOR LIABILITIES AND CHARGES	16	170	217
CAPITAL AND RESERVES			
Called up share capital	17	1,714	1,714
Share premium account	19	12,334	12,334
Capital redemption reserve	19	82	82
Profit and loss account deficit	19	(9,954)	(9,326)
CAPITAL AND RESERVES		4,176	4,804
CAPITAL EMPLOYED		6,050	7,653

These financial statements of International Process Technologies Limited, registered number 03139509, were approved and authorised for issue by the Board of Directors on 25 June 2010

Signed on behalf of the Board of Directors

C F Dunnett
Director

COMPANY BALANCE SHEET
31 December 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	9	3	1
Investments	10	56,292	56,292
		56,295	56,293
CURRENT ASSETS			
Debtors	12	102	70
Cash at bank and in hand		607	279
		709	349
CREDITORS: amounts falling due within one year	13	(9,625)	(8,543)
NET CURRENT LIABILITIES		(8,916)	(8,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		47,379	48,099
CREDITORS amounts falling due after more than one year	14	47,330	48,038
CAPITAL AND RESERVES			
Called up share capital	17	1,714	1,714
Share premium account	19	12,334	12,334
Capital redemption reserve	19	82	82
Profit and loss account deficit	19	(14,081)	(14,069)
CAPITAL AND RESERVES		49	61
CAPITAL EMPLOYED		47,379	48,099

These financial statements of International Process Technologies Limited, registered number 03139509, were approved and authorised for issue by the Board of Directors on 25 June 2010

Signed on behalf of the Board of Directors

C F Dunnett
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	23	3,054	3,014
Returns on investments and servicing of finance	24	(141)	(401)
Net taxation paid		(447)	(437)
Capital expenditure and financial investment	24	(291)	(1,078)
Net cash inflow before financing		2,175	1,098
Financing	24	(954)	57
Increase in cash in the year	25	1,221	1,155

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS
Year ended 31 December 2009

	2009 £'000	2008 £'000
Profit for the financial year	876	1,004
Actuarial loss relating to pension scheme	(1,769)	(1,643)
UK deferred tax attributable to actuarial gain	495	460
Currency translation differences on net assets of overseas subsidiaries	(230)	780
Net (decrease)/increase in shareholders' funds	(628)	601
Opening shareholders' funds	4,804	4,203
Closing shareholders' funds	4,176	4,804

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2009

	2009 £'000	2008 £'000
Group		
Profit for the financial year	876	1,004
Actuarial loss relating to pension scheme	(1,769)	(1,643)
UK deferred tax attributable to actuarial gain	495	460
Currency translation differences on net assets of overseas subsidiaries	(230)	780
Total recognised gains and losses relating to the year	(628)	601

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries for the year ended 31 December 2009

Going concern

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Goodwill

On acquisition of a business, fair values are attributed to the Group's share of net tangible assets acquired Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and, prior to the adoption of FRS 10, was written off directly to reserves in the year of acquisition Following the adoption of FRS 10, goodwill arising on acquisitions is capitalised and amortised over its useful economic life, which is generally considered to be twenty years The directors regard twenty years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period

The profit or loss on the disposal of previously acquired businesses includes the attributable amount of any purchased goodwill previously written off to reserves relating to that business

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for any impairment Depreciation is not provided on freehold land or assets in the course of construction On other assets it is provided on cost in equal annual instalments over the estimated useful lives of the assets The rates of depreciation used are as follows

Freehold and long leasehold buildings	-	over 50 years
Short leasehold buildings	-	over the period of the lease
Plant and machinery	-	over 5 - 13 years
Fixtures, fittings, tools and equipment	-	over 3 - 10 years

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value

Stocks

Stocks and work in progress are valued on a first in, first out basis at the lower of cost and net realisable value Cost includes materials, direct labour and an appropriate proportion of overhead expenses Provision is made for obsolete, slow moving and defective items

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

Redeemable preference shares are included in the balance sheet as liabilities, on adoption of FRS 25

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

1 ACCOUNTING POLICIES (CONTINUED)

Taxation

Current 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Turnover

Turnover represents amounts invoiced to customers, less sales returns, exclusive of Value Added Tax Income is recognised on delivery of goods and services

Pension costs

The company has fully adopted Financial Reporting Standard 17 “Retirement Benefits” (“FRS 17”) in these financial statements The Group defined benefit pension scheme has an FRS 17 deficit of £1,295,000 at 31 December 2009 (2008 surplus of £173,000)

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The Group operates a multi-employer defined benefit pension scheme, the assets and liabilities of which are held independently from each company in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately on the face of the balance sheet

As it is not possible to identify the company’s share of the underlying assets and liabilities of the scheme, it has been treated as a defined contribution scheme in the company accounts for the purposes of FRS 17 In the group accounts, full FRS 17 disclosures have been adopted

The group also has an insurance backed scheme in respect of the Dutch subsidiary, Plastic Coatings Europe BV This scheme is treated as a defined contribution scheme in the group financial statements For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year

From 1 February 2006, all active members transferred out of the defined benefit pension plan From this date, the company paid contributions to stakeholder pension plan on behalf of participating employees The company’s contributions are charged to the profit and loss account Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease

Foreign currencies

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date These translation differences are dealt with in the profit and loss account, except for those relating to capital funding which are taken directly to reserves

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate is taken directly to reserves

Research and development

Research costs are written off to the profit and loss account as incurred Costs of development are written off to the profit and loss account except in cases where they are related to projects in which the profitable outcome can be determined with reasonable certainty Where this is the case, they have been capitalised within intangible fixed assets and amortised in equal annual instalments over a period of five years

2. TURNOVER

The analysis by geographical area of the Group's turnover by destination is set out below

	2009 £'000	2008 £'000
United Kingdom	7,427	9,755
Other European countries	9,851	10,330
North America	670	1,024
Rest of the world	3,042	3,775
Total	20,990	24,884

The directors are of the opinion that the Group operates only one class of business

3. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is stated after charging/(crediting)		
Depreciation - owned assets	585	613
- leased assets	136	140
Amortisation - development costs	4	5
Auditors' remuneration (see below)	115	106
Operating leases - land and buildings	24	24
- other operating leases	461	460
Foreign exchange gains	(281)	(157)
Exceptional costs	15	89

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

3 OPERATING PROFIT (CONTINUED)

The exceptional costs related to the decision to change the Plascoat organisational structure in 2008

The analysis of auditors' remuneration is as follows

	2009 £	2008 £
Fees payable to the company's auditors for the audit of the company's annual accounts	11	11
Fees payable to the Company's auditors for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	49	53
Total audit fees	60	64
Other services pursuant to legislation		
- Tax services	30	37
- All other services	25	5
Total non-audit fees	55	42

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009 £'000	2008 £'000
Directors' remuneration		
Emoluments (excluding pension contributions)	433	537
Pension contributions	30	31
	463	568

	2009 No.	2008 No
Number of directors who are members of the company's defined benefit scheme	3	3

	2009 £'000	2008 £'000
Highest paid director's remuneration·		
Aggregate of emoluments	158	204

The amount of the accrued pension of the highest paid director at 31 December 2009 is £13,186 (2008 £13,700)

The aggregate consideration to third parties for services as a director is £nil (2008 £nil)

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2009 No.	2008 No.
Average number of persons employed (including directors):		
Management	13	12
Administration	18	25
Production and sales	154	175
	185	212
Staff costs during the year (including directors) were:		
Wages and salaries	4,670	5,311
Social security costs	481	571
Pension costs	260	254
	5,411	6,136

5. NET INTEREST PAYABLE

	2009 £'000	2008 £'000
Interest receivable	26	10
Interest payable and similar charges		
Finance lease interest	(46)	(10)
On bank loans and overdrafts	(121)	(401)
Net expense on pension scheme	(345)	(122)
	(512)	(533)
Net interest payable	(486)	(523)

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
Analysis of tax charge on ordinary activities		
Current tax		
United Kingdom corporation tax at 28% (2008 28 5%)	304	451
Adjustment in respect of prior years	9	31
Overseas taxation	73	104
Adjustment in respect of prior years	6	9
Total current tax charge	392	595
Deferred tax		
Deferred tax on pension	(76)	(35)
Timing differences, origination and reversal	(25)	(30)
Adjustment in respect of prior years	(9)	(101)
Total deferred tax charge	(110)	(166)
Tax charge on profit on ordinary activities	282	429

Factors affecting the tax credit for the current year:

The current tax assessed for the period is lower (2008 lower) than that resulting from applying the standard rate of corporation tax of 28% (2008 28 5%) The differences are explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	1,158	1,433
Tax at 28% (2008 28 5%) thereon	324	401
Factors affecting tax charge		
Expenses not deductible for tax purposes	21	92
R&D tax relief	(39)	(18)
Capital allowances in excess of depreciation	8	30
Movement in short term timing differences	(9)	6
FRS 17 pension adjustment	76	35
Foreign tax adjustment	-	(2)
Marginal relief	(4)	11
Adjustments in respect of prior years	15	40
Current year tax charge	392	595

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

6 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets This tax will become payable if the replacement assets are sold and further rollover relief is not obtained The estimated amount of tax that would become payable in these circumstances is £139,450 (2008 £143,849)

Deferred tax has not been provided in respect of timing differences relating to revenue losses and provisions as there is insufficient evidence that the asset will be recovered

The amount of the asset not recognised is £119,797 (2008 £119,797) The asset would be recovered if sufficient taxable profits were made in the future

7. PROFIT/(LOSS) OF PARENT COMPANY

As permitted by Section 480 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts The parent company's loss for the financial year attributable to shareholders amounted to £12,000 (2008 loss £275,990)

8. INTANGIBLE FIXED ASSETS

	Development costs £'000
Group	
Cost	
As at 1 January 2009 and 31 December 2009	232
Amortisation	
At 1 January 2009	200
Charge for the year	4
At 31 December 2009	204
Net book value	
As at 31 December 2009	28
As at 31 December 2008	32

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Group					
Cost					
As at 1 January 2009	1,396	1,866	11,825	1,333	16,420
Exchange rate adjustments	(34)	-	(481)	(34)	(549)
Additions	-	-	281	10	291
As at 31 December 2009	1,362	1,866	11,625	1,309	16,162
Depreciation					
As at 1 January 2009	224	1,055	7,541	1,166	9,986
Exchange rate adjustments	(5)	-	(294)	(34)	(333)
Charge for the year	7	46	634	34	721
As at 31 December 2009	226	1,101	7,881	1,166	10,374
Net book value					
As at 31 December 2009	1,136	765	3,744	143	5,788
As at 31 December 2008	1,172	811	4,284	167	6,434

Freehold land and buildings includes freehold land of £301,606 (2008 £308,411) Included within plant and machinery are assets held under finance leases with a net book value of £1,301,163 (2008 £1,497,876)

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

9. TANGIBLE FIXED ASSETS (CONTINUED)

	Fixtures, fittings, tools and equipment £'000
Company	
Cost	
As at 1 January 2009	36
Additions	3
As at 31 December 2009	39
Depreciation	
As at 1 January 2009	35
Charge for the year	1
As at 31 December 2009	36
Net book value	
As at 31 December 2009	3
As at 31 December 2008	1

10. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Company			
Cost			
At 1 January 2009 and 31 December 2009	68,280	1,012	69,292
Provision for impairment			
At 1 January and 31 December 2009	(13,000)	-	(13,000)
Net book value			
At 31 December 2009	55,280	1,012	56,292
At 31 December 2008	55,280	1,012	56,292

The above investments are not listed

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

10. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Additional information on subsidiaries

The principal subsidiaries involved in the consolidation of the Group are

Company	Country of incorporation and operation	Activity	Proportion of ordinary shares held %
Plascoat International Limited	Great Britain	Former holding company for Group subsidiaries (non-trading)	100
Plascoat Holdings Limited	Great Britain	Holding company for foreign investments	100
Plascoat Systems Limited	Great Britain	Compounding, grinding and manufacture of plastic materials	100
Plastic Coatings Europe BV	Netherlands	Compounding, grinding and manufacture of plastic materials	100
Plastic Coatings Limited	Great Britain	Plastic coating of materials	100
United Moulders Limited	Great Britain	Plastic Moulding and Assembly	100

11. STOCKS

	2009 £'000	2008 £'000
Group		
Raw materials and consumables	845	813
Work in progress	19	27
Finished goods and goods for resale	790	805
	1,654	1,645

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

12. DEBTORS

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade debtors	3,157	3,832	-	-
Amounts owed by group undertakings	-	-	39	39
Corporation tax	45	64	-	-
Deferred tax asset	3	-	-	-
Other debtors	146	146	45	30
Prepayments and accrued income	76	79	18	1
	3,427	4,121	102	70

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank overdraft (see note 15)	-	1,621	-	-
Bank loans (see note 15)	708	709	708	708
Obligations under finance leases (see note 15)	170	196	-	-
Trade creditors	1,816	1,517	-	-
Amounts owed to subsidiary undertakings (see note 15)	-	-	8,551	7,489
Other creditors	-	36	-	116
Corporation tax	248	313	-	-
Other taxation and social security	393	527	12	12
Accruals and deferred income	1,196	1,212	354	218
	4,531	6,131	9,625	8,543

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans (see note 15)	1,225	1,933	1,225	1,933
Obligations under finance leases (see note 15)	479	699	-	-
Amounts owed to subsidiary undertakings (see note 15)	-	-	46,105	46,105
	1,704	2,632	47,330	48,038

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

15. BORROWINGS

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank overdraft	-	1,621	-	-
Bank loans	1,933	2,642	1,933	2,642
Obligations under finance leases	649	895	-	-
Amounts owed to subsidiary undertakings	-	-	53,664	53,594
	2,582	5,158	55,597	56,236
Due within one year or on demand	878	2,525	8,267	8,197
Due after more than one year	1,704	2,633	47,330	48,039
	2,582	5,158	55,597	56,236
Analysis of repayments:				
Within one year or on demand	878	2,525	8,267	8,197
Between one and two years	494	892	175	709
Between two and five years	685	1,041	525	1,225
After five years	525	700	46,630	46,105
	2,582	5,158	55,597	56,236

Amounts repayable by instalments, some of which fall due after five years

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans, finance leases, loans from subsidiary and redeemable preference shares				
Total amount	2,582	5,158	55,597	56,236
Instalments after five years	525	700	46,630	46,105

The bank loans and overdraft are secured by a fixed charge over the assets and undertakings of the Group Interest on the loans is currently charged at between 3% and 5% per annum Obligations under finance leases are secured on the assets to which they relate

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £'000
Group analysis of movements in provisions:	
At 1 January 2009	217
Credited to the profit and loss account in the year	(34)
Foreign exchange differences	(13)
At 31 December 2009	170

	2009 £'000	2008 £'000
Deferred taxation provided in the financial statements is as follows:		
Tax effect of timing differences because of		
Capital allowances in excess of depreciation	177	217
Short term timing differences	(7)	-
	170	217

17. SHARE CAPITAL

Group and company

Authorised·

Number		2009 £'000	2008 £'000
28,000,000	Ordinary shares of £0 01 each	280	280
452,355	Preference shares of £1 each	453	453
981,030	Deferred shares of £1 each	981	981
		1,714	1,714

Called up, allotted and fully paid

Number		2009 £'000	2008 £'000
28,000,000	Ordinary shares of £0 01 each	280	280
452,355	Preference shares of £1 each	453	453
981,030	Deferred shares of £1 each	981	981
		1,714	1,714

18. POST BALANCE SHEET EVENTS

An ordinary share held by Bridgepoint Capital was returned to the company on 10 January 2010 On 9 March 2010 a capital buy back of preference shares to the value of £2,401,474 was made

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

19 RESERVES

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account deficit £'000
Group			
As at 1 January 2009	82	12,334	(9,326)
Retained profit for the year	-	-	876
Exchange translation differences on net assets of overseas subsidiaries	-	-	(230)
Other recognised gains and losses relating to the year			(1,274)
At 31 December 2009	82	12,334	(9,954)

As a result of adopting FRS 10, the cumulative goodwill previously eliminated against a separate reserve has been deducted from the profit and loss account In the event of any future disposal of business segments, the goodwill attributable to that segment will be taken into account when calculating any profit or loss arising from the transaction The cumulative amount of goodwill eliminated directly against the profit and loss account as at 31 December 2009 was £11,845,000 (2008 £11,845,000)

	2009 £'000	2008 £'000
Group pension asset		
Profit and loss deficit excluding pension asset	(8,659)	(9,499)
Amount relating to determined pension scheme asset net of related deferred tax	(1,295)	173
Profit and loss deficit	(9,954)	(9,326)

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account deficit £'000
Company			
At 1 January 2009	82	12,334	(14,069)
Retained loss for the year	-	-	(12)
At 31 December 2009	82	12,334	(14,081)

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

20 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2009, the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
Group	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Expiring within one year	-	-	64	24
Expiring between two and five years inclusive	-	-	411	436
Expiring after more than five years	24	24	2	-
	24	24	477	460

21. PENSION COSTS

Prior to 1 February 2006, the Group contributed to the Grosvenor Pension Fund in the UK providing benefits based on final pensionable pay From 1 February 2006, all active members transferred out of the scheme and the Company has resumed contributions to the scheme as a result of the recent triennial pension valuation The assets of the scheme are held separately from those of the group in a trustee administered fund

For FRS 17 purposes, a valuation that starts by recognising the scheme assets and liabilities, and subsequently recognises movements in the period that they arise, has been prepared by qualified independent actuaries as at 31 December 2009

The scheme actuary has calculated that a 0 5% change to the assumptions used for the discount rate would result in the actuarial liabilities increasing by £1 4m

The major assumptions used by the actuary were

	2009 %	2008 %	2007 %	2006 %
Discount rate	6 4	7 5	6 3	5 6
Rate of increases in salaries	n/a	n/a	n/a	n/a
Inflation assumption	3 5	2 5	3 2	3 0
Pension increases	3 0	3 0	3 0	3 0

The fair value of the assets of the scheme and the expected rate of return at the end of each financial year were

	Fair value at 31 Dec 2009 £'000	Expected rate of return at 31 Dec 2009 %	Fair value at 31 Dec 2008 £'000	Expected rate of return at 31 Dec 2008 %	Fair value at 31 Dec 2007 £'000	Expected rate of return at 31 Dec 2007 %	Fair value at 31 Dec 2006 £'000	Expected rate of return at 31 Dec 2006 %
Equities	13,053	8 0	9,318	7 0	14,213	7 0	14,796	7 0
Gilts	6,637	4 45	8,006	3 7	7,888	5 0	7,764	4 7
Corporate bonds	2,494	8 0	4,014	7 5	4,247	6 3	4,067	5 6
Cash	676	2 0	467	1 5	966	5 0	903	5 0
	22,860	6 62	21,806	5 7	27,314	6 2	27,530	6 1

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

21. PENSION COSTS (CONTINUED)

	2009 £'000	2008 £'000
Analysis of the amount charged to operating profit		
Current service cost of defined benefit schemes	-	-
Loss on settlements and curtailments	-	-
	-	-

	2009 £'000	2008 £'000
Analysis of the amount charged to net finance charges:		
Expected return on pension scheme assets	1,209	1,623
Interest on pension scheme liabilities	(1,554)	(1,745)
Net expense	(345)	(122)

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Amount recognised in the statement of total recognised gains and losses (STRGL)					
Difference between actual return less expected return on pension scheme assets	1,498	(4,494)	128	(146)	4,267
% of scheme assets	6 6%	(20 6%)	1%	(1%)	12%
Experience gains/(losses) arising on the scheme liabilities	190	(133)	(123)	(1,048)	(98)
% of scheme liabilities	-	(0 6%)	(1%)	(4%)	(0%)
Effects of changes in assumptions underlying the present value of the scheme liabilities	(3,457)	2,984	1,785	1,224	(639)
% of scheme liabilities	10 0%	13 8%	7 1%	4%	(2%)
Total actuarial (losses)/gains recognised in STRGL	(1,769)	(1,643)	1,790	30	3,530

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

21. PENSION COSTS (CONTINUED)

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Reconciliation of scheme assets and liabilities to the balance sheet					
Total market value of assets	22,860	21,806	27,314	27,530	37,022
Present value of scheme liabilities	(24,659)	(21,566)	(25,309)	(27,279)	(36,314)
(Deficit)/surplus in scheme	(1,799)	240	2,005	251	708
Related deferred tax asset/(liability)	504	(67)	(562)	(75)	(212)
Net pension (liability)/asset	(1,295)	173	1,443	176	496

	2009 £'000	2008 £'000
Movement in (deficit)/surplus during the year·		
Surplus in scheme at beginning of the year	240	2,005
Current service cost	-	-
Settlements and curtailments	-	-
Contributions	75	-
Other finance expenses	(345)	(122)
Actuarial gain in STRGL	(1,769)	(1,643)
(Deficit)/surplus in scheme at end of the year	(1,799)	240

	2009 £'000	2008 £'000
Movement in related deferred tax balances:		
Deferred tax at beginning of the year	(67)	(562)
Movement in year		
- Profit and loss account	76	35
- Statement of total recognised gains and losses	495	460
	504	(67)

In respect of the Dutch subsidiary, Plastic Coatings Europe BV, contributions of £175,515 (2008 £193,470) have been made in the year There were no outstanding contributions at the balance sheet date (2008 £nil)

22. CAPITAL COMMITMENTS

	2009 £'000	2008 £'000
Group		
Capital expenditure, approved and contracted	137	40

A corporate cross guarantee exists between International Process Technologies Limited, Plascoat UK Limited, Plascoat International Limited, Plascoat Holdings Limited, Plastic Coatings Limited, Plascoat Systems Limited and United Moulders Limited

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

23 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Operating profit	1,644	1,956
Depreciation and amortisation	725	758
(Increase)/decrease in stocks	(9)	99
Decrease in debtors	676	555
Increase/(decrease) in creditors	37	(642)
Exchange rate adjustment	(19)	288
Net cash inflow from operating activities	3,054	3,014

24 ANALYSIS OF CASH FLOWS

	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Returns on investments and servicing of finance				
Interest received	26		10	
Finance lease interest paid	(46)		(10)	
Interest paid	(121)		(401)	
		(141)		(401)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(291)		(1,378)	
Proceeds from sale of fixed assets	-		300	
		(291)		(1,078)
Financing				
Finance leases	(246)		766	
Bank loans repayments	(708)		(709)	
		(954)		57

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

25 ANALYSIS OF NET DEBT

	At 1 January 2009 £'000	Cash flow £'000	At 31 December 2009 £'000
Cash at bank	1,379	(400)	979
Overdraft	(1,621)	1,621	-
	(242)	1,221	979
Finance leases	(895)	246	(649)
Debt due within one year	(708)	-	(708)
Debt due after one year	(1,933)	708	(1,225)
	(3,536)	954	(2,582)
	(3,778)	2,175	(1,603)

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£'000
Increase in cash in the year	1,221
Cash movement from decrease in debt and lease financing	954
Movement in net debt in the year	2,175
Net debt at 1 January 2009	(3,778)
Net debt at 31 December 2009	(1,603)

27. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The Group has taken advantage of the exemption available under paragraph 3(c) of FRS 8 not to disclose any transactions or balances between Group companies which have been eliminated upon consolidation

The ultimate controlling party is the board of directors

International Process Technologies Limited is the largest and smallest group for which group financial statements are prepared Copies of the group financial statements of International Process Technologies Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ