

**MERIT MERRELL TECHNOLOGY
LIMITED**

Report and Financial Statements

30 September 2008



MERIT MERRELL TECHNOLOGY LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

MERIT MERRELL TECHNOLOGY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Berriman
A Wells
K Hynes

SECRETARY

N Berriman

REGISTERED OFFICE

3 Silverton Court
Northumberland Business Park
Cramlington
Northumberland
NE23 7RY

SOLICITORS

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

BANKERS

Bank of Scotland plc
41 Grey Street
Newcastle upon Tyne
NE1 6EE

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

DIRECTORS' REPORT

The directors present their report on the affairs of the company together with the financial statements and auditors report for the year ended 30 September 2008.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were Clean Technology facility design, installation and project management.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company has continued to trade within the markets of Cleanroom design build and M+E and process pipe work installations.

Although the market situation generally has deteriorated, existing client sales have remained relatively strong to sustain the business and the tendering situation has improved dramatically at the end of Q2 2009. Although failure to secure such contracts present a risk to the business, given a normal level of contract success rate, the business is expecting to grow again through Q4 2009 and 2010, however external markets will potentially continue to influence the business.

The company has focused on strengthening it's senior management and commercial teams and restructured in anticipation of this future growth, including the purchase of larger office premises close to Newcastle.

Diversification further into commercial prefabrication projects has opened up new markets such as student accommodation, which are also expected to boost sales in the future.

The financial performance and position of the company are set out on pages six and seven. The company continues to meet its day to day working capital requirements through an overdraft facility that is due for renewal in December 2009. The companies banking facilities have remained at a £2m overdraft, net of cash at bank. The current economic conditions create uncertainty particularly over the demand for services and the availability of bank finance in the foreseeable future.

The company's forecasts and reflections 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 removed. However, the company had held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the company had 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 financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in competitive markets where service, quality of work, price and good working relationships with customers are key value drivers. The directors believe the business to be well positioned to deliver this combination of values to our customers.

Health and Safety is a critical element of our business philosophy. We actively promote safe working practices with risk assessment/management and employee development being the key platforms for accident prevention.

The company is committed to a healthier and safer environment in the workplace, the community in which it is located and the world in which we live.

Details of the number of employees and related costs can be found in note 2 to the financial statements. The company is committed to providing its employees with a safe and healthy workplace.

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The results for the year are set out on page 5. The directors do/do not propose a dividend for the year (2007: £nil).

DIRECTORS

The directors who served throughout the year and since were as follows:

C Berriman
A Wells
K Hynes

AUDITORS

Each of the directors at the date of approval of this report separately confirms that:

- 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 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 s234ZA of the Companies Act 1985.

Deloitte & Touche LLP changed their name to Deloitte LLP on 1 December 2008. Deloitte LLP have expressed their willingness to continue as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Director

27 July 2009



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 such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accepted Accounting Practice (United Kingdom Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed; and
- (d) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 MERIT MERRELL TECHNOLOGY LIMITED

We have audited the company's financial statements for the year ended 30 September 2008 which comprise the profit and loss account, balance sheet and the related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

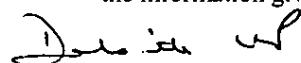
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne, United Kingdom

29 July 2009

MERIT MERRELL TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 September 2008

	Note	2008 £	2007 £
TURNOVER	1	37,521,893	18,312,855
Cost of sales		(36,747,503)	(17,982,233)
GROSS PROFIT		774,390	330,622
Administrative expenses		(421,324)	(14,154)
OPERATING PROFIT	3	353,066	316,468
Interest received		82,286	41,646
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		435,352	358,114
Tax on profit on ordinary activities	4	(152,669)	(66,568)
RETAINED PROFIT FOR THE FINANCIAL YEAR	8	282,683	291,546

All amounts derive from continuing operations.

There are no recognised gains and losses for the financial year and for the preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

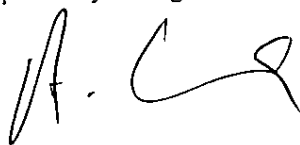
MERIT MERRELL TECHNOLOGY LIMITED

BALANCE SHEET 30 September 2008

	Note	2008 £	2007 £
CURRENT ASSETS			
Debtors	5	7,686,784	4,008,141
Cash at bank and in hand		<u>570,342</u>	<u>895,733</u>
		8,257,126	4,903,874
CREDITORS: amounts falling due within one year	6	<u>(7,467,267)</u>	<u>(4,396,698)</u>
NET ASSETS		<u>789,859</u>	<u>507,176</u>
CAPITAL AND RESERVES			
Called up share capital	7	500	500
Profit and loss account	8	<u>789,359</u>	<u>506,676</u>
EQUITY SHAREHOLDERS' FUNDS	9	<u>789,859</u>	<u>507,176</u>

These financial statements were approved by the Board of Directors on 27 July 2009

Approved by and signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below. They have all been applied consistently in the current year and prior financial year.

Basis of accounting

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

Basis of preparation and going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. This is disclosed in the Directors' Report under the heading "Review of Developments and Future Prospects". Further the Directors are satisfied that the company will continue to successfully manage the principal risks and uncertainties which are also outlined in the Directors Report under the heading "Principal Risks and Uncertainties".

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Cash flow statement

The company has taken advantage of the exemption available to subsidiary undertakings contained in FRS1 "Cash Flow Statements" not to disclose a cash flow statement and associated notes.

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 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 which are included in the financial statements. 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.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. The translation differences are dealt with in the profit and loss account.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received total emoluments of £2,425,092 (2007 - £464,357) from Merit Process Engineering Limited during the year ended 30 September 2008. It is not practicable to allocate these between their services for this company and their services for other group companies.

The company has no employees. Employees and the associated costs are within Merit Process Engineering Limited.

MERIT MERRELL TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2008

3. OPERATING PROFIT

	2008 £	2007 £
This is stated after charging: Auditors' remuneration	9,000	6,000

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
United Kingdom corporation tax at 29% (2007 – 30%) based on the profit for the year	126,917	68,468
Adjustment in respect of prior years	25,752	(1,900)
	<u>152,669</u>	<u>66,568</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>435,352</u>	<u>358,114</u>
Tax at 29.0% (2007: 30%) thereon	126,252	107,434
Marginal relief	-	(12,593)
Group relief	-	(26,373)
Prior period adjustments	25,752	(1,900)
Expenses not deductible for tax purposes	665	-
Tax charge for the year	<u>152,669</u>	<u>66,568</u>

5. DEBTORS

	2008 £	2007 £
Trade debtors	6,579,129	3,971,636
Other taxation and social security	<u>1,107,655</u>	<u>36,505</u>
	<u>7,686,784</u>	<u>4,008,141</u>

Trade debtors includes £159,371 due after more than one year.

MERIT MERRELL TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2008

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank overdraft	295,465	-
Trade creditors	971,229	115,189
Amounts owed to group companies	5,996,483	4,207,691
Corporation tax	152,033	66,568
Accruals and deferred income	22,230	7,250
Other creditors	29,827	-
	<u>7,467,267</u>	<u>4,396,698</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

7. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
500 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Called up, allotted and fully paid		
500 ordinary shares of £1 each	<u>500</u>	<u>500</u>

8. STATEMENT OF MOVEMENT ON RESERVES

Profit and loss account	£
Balance at 1 October 2007	506,676
Profit for the year	<u>282,683</u>
Balance at 30 September 2008	<u>789,359</u>

9. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the year	<u>282,683</u>	<u>291,546</u>
Net addition to equity shareholders' funds	282,683	291,546
Opening equity shareholders' funds	<u>507,176</u>	<u>215,630</u>
Closing equity shareholders' funds	<u>789,859</u>	<u>507,176</u>

MERIT MERRELL TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

10. CONTROLLING PARTY

In the opinion of the directors the immediate and ultimate controlling party is Merit Holdings Limited, a company incorporated in England. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

11. RELATED PARTY TRANSACTIONS

During the year the company made sales to a fellow subsidiary company, Merit Process Engineering Limited all subject to an arms length agreement. The amount involved was £36,747,503 (2007: £18,312,855). At the year end the company owed Merit Process Engineering Limited £5,996,483 (2007: £4,207,691).