Registered number 06407922

Arrow Industrial Holdings Limited

Annual report and financial statements for the year ended 30 September 2010

Arrow Industrial Group Limited

Contents

Arrow Industrial Holdings Limited

Directors and advisers

Directors

N B Oliver
D A Horner
M E Thistlethwayte
J R Thistlethwayte

Company secretary

Finnies Limited

Registered office

930 Hedon Road
Hull
HU9 5QN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Arrow Industrial Holdings Limited

Directors' Report for the year ended 30 September 2010

The directors present their report and audited financial statements for year ended 30 September 2010

Principal Activities

The principal activity of the Company in the year under review was that of a holding company

The Company is a private limited company and is incorporated and domiciled in the UK The registered number of the company is 06407922

Return of share capital

During the year the company cancelled 500,000 £1 'A' redeemable preference shares and returned the capital to the relevant shareholder This represented 9 3% of the total issued share capital of the company

Directors

The directors of the Company, who served during the year and up to the date of signing of the financial statements unless otherwise indicated, are as follows

D A Horner
N B Oliver
M E Thistlethwayte
J R Thistlethwayte

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, 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

Arrow Industrial Holdings Limited

Directors' Report for the year ended 30 September 2010 (continued)

Disclosure of information to auditors

As far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware and,
- the directors have taken all the steps which ought to have been taken as a director in order to make ourselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Basis of preparation

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Approved by the board of directors on and signed on behalf of the board by

N B Oliver
Director

Independent auditors' report to the members of Arrow Industrial Holdings Limited

We have audited the financial statements of Arrow Industrial Holdings Limited for the year ended 30 September 2010 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 30 September 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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

Jason Clarke BSc ACA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
28 March 2011

Arrow Industrial Holdings Limited

Statement of Total Comprehensive Income
for the year ended 30 September 2010

	Note	2010 £	2009 £
Revenue - Dividends received from subsidiary companies		**425,000**	475,000
Administrative expenses	11	-	(34,091)
Finance costs – redeemable preference share dividends	13	**(404,858)**	(424,890)
Profit before income tax		**20,142**	16,019
Income tax expense	15	-	9,545
Profit for the year		**20,142**	25,564
Total Comprehensive Income for the year		**20,142**	25,564
Profit and Total Comprehensive Income Attributable to.			
Equity holders of the company		**20,142**	25,564

The results relate to continuing operations

The company has no items of other comprehensive income and as such the statement of total comprehensive income for the year agrees to the profit for the year

The notes on pages 10 to 20 are an integral part of these financial statements

Arrow Industrial Holdings Limited

Registered Number: 06407922

Balance sheet
As at 30 September 2010

	Note	2010 £	2009 £
Assets			
Non-current assets			
Investments in subsidiaries	5	**3,850,414**	3,850,414
Trade and other receivables	6	**1,043,915**	1,523,773
Total assets		**4,894,329**	5,374,187
Equity attributable to equity shareholders			
Ordinary shares	7	**95,000**	95,000
Retained earnings	8	**30,218**	10,076
Total equity		**125,218**	105,076
Liabilities			
Non-current liabilities			
Borrowings - Redeemable preference shares	10	**4,752,500**	5,252,500
Current liabilities			
Trade and other payables	9	**16,611**	16,611
Total liabilities		**4,769,111**	5,269,111
Total equity and liabilities		**4,894,329**	5,374,187

The notes on pages 10 to 20 are an integral part of these financial statements

The financial statements were approved and authorised for issue by the board on and were signed on its behalf by

N B Oliver
Director

Arrow Industrial Holdings Limited

Cash flow statement
for the year ended 30 September 2010

	Note	**2010** £	2009 £
Cash flows used in operating activities	16	**-**	(36,849)
Cash flows from investing activities			
Dividends received from subsidiary companies		**425,000**	475,000
Settlement of loans advanced to subsidiary companies		**479,858**	-
Loans advanced to subsidiary companies		**-**	(25,250)
Net cash generated from investing activities		**904,858**	449,750
Cash flows from financing activities			
Repayment of borrowings – reduction of preference shares		**(500,000)**	-
Interest paid – redeemable preference share dividends		**(404,858)**	(424,890)
Net cash used in financing activities		**(904,858)**	(424,890)
Net increase / (decrease) in cash and cash equivalents		**-**	(11,989)
Cash and cash equivalents at the beginning of the period		**-**	11,989
Cash and cash equivalents at the end of the period		**-**	-

The notes on pages 10 to 20 are an integral part of these financial statements

Arrow Industrial Holdings Limited

Statement of changes in equity
for the year ended 30 September 2010

	Ordinary share capital £	Retained earnings £	Total £
Balance at 1 October 2008	95,000	(15,488)	79,512
Comprehensive Income			
Profit for the year	-	25,564	25,564
Balance at 1 October 2009	**95,000**	**10,076**	**105,076**
Comprehensive Income			
Profit for the year	-	**20,142**	**20,142**
Balance at 30 September 2010	**95,000**	**30,218**	**125,218**

The notes on pages 10 to 20 are an integral part of these financial statements

Arrow Industrial Holdings Limited

Notes to the financial statements
for the year ended 30 September 2010

1. General Information

Arrow Industrial Holdings Limited is a holding company

The Company is a private limited company and is incorporated and domiciled in the UK The registered office is 930 Hedon Road, Hull, HU9 5QN

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the periods presented, unless otherwise stated

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4

The IFRS primary financial statements are presented in accordance with IAS 1 - 'Presentation of Financial Statements'

2.2 Single entity financial statements

The company has taken advantage of the exemption from preparation of consolidated financial statements afforded by section 400 of the Companies Act 2006

Accordingly, these financial statements present information about the company itself and do not provide consolidated financial information concerning the group as a whole The smallest company in which the results of the Company are consolidated are those of Portchester Equity Limited

2 3 New accounting standards and interpretations

i) New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRSs as of 1 October 2009

- IFRS 7 'Financial instruments – disclosures' (amendment) – effective as of 1 January 2009 The amendment requires enhanced disclosures about fair value measurement and liquidity risk In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy As the change in accounting policy only results in additional disclosures, there is no impact on profit for the year
- IAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009 The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income As the change in accounting policy only impacts presentation aspects, there is no impact on profit for the year

(ii) *Standards, amendments and interpretations to existing standards effective as of 1 October 2009 but not relevant to the Company*

- IFRIC 9 'Re-assessment of embedded derivatives and IAS 39, , Financial instruments recognition and measurement – embedded derivatives', effective for annual periods beginning on or after 30 June 2009 This is not relevant to the Company as it has no embedded derivatives
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009 This is not currently applicable to the Company, as it has not made any non-cash distributions
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009 This is not relevant to the Company, as it has not received any assets from customers
- IFRS 2 (amendment), 'share based payment' (effective 1 January 2009) deals with vesting conditions and cancellations This is not relevant to the Company as it has no share based payment arrangements in operation
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009) deals with valuation of non controlling interests, and requires the consideration paid to be shown at fair value This is not relevant to the Company as it has not made any acquisitions in the period
- IAS 38 (amendment), 'Intangible Assets' The amendment is part of the IASB's annual improvement project published in April 2009 and provides clarified guidance on measuring the fair value of intangible assets acquired in a business combination The Company will apply this amendment from the date IFRS 3 (revised) is adopted
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups)' The amendment is part of the IASB's annual improvement project published in April 2009 and provides clarification on the disclosure requirements for non- current assets (or disposal groups) held for sale This is not relevant to the Company as it does not have any non-current assets (or disposal groups) held for sale
- IAS 27 (revised) 'Consolidated and separate financial statements', (effective from 1 July 2009) requires that all transactions with non-controlling interests be recorded in equity if there is no change in control as a result of the transactions This is not relevant to the Company as it does not have any non-controlling interests

(iii) *The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 October 2009 have been early adopted*

- Amendment to IFRS 1 First-time adoption of International Accounting Standards was issued in January 2010 These amendments exempt entities from providing comparative disclosures in relation to IFRS 7 disclosures The amendment are required to be applied for annual periods beginning on or after 1 July 2010, with early adoption permitted

(iv) *The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 October 2009 and have not been early adopted*

- IFRS 9, 'Financial instruments', issued in December 2009 This addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for its financial assets The standard is not applicable until 1 January 2013 but is available for early adoption The Company is yet to assess IFRS 9's full impact However, initial indications are that there will not be any material impact of adoption of IFRS 9 The Company has not yet decided when to adopt IFRS 9
- Revised IAS 24, 'Related party disclosures', issued in November 2009 It supersedes IAS 24, 'Related party disclosures', issued in 2003 The revised IAS 24 is required to be applied from 1 January 2011
- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009 The amendment should be applied for annual periods beginning on or after 1 February 2010
- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009 The amendments are effective for annual periods beginning 1 January 2011

Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' The interpretation is effective for annual periods beginning on or after 1 July 2010 Earlier application is permitted
- Improvements to International Financial Reporting Standards 2010 were issued in May 2010 The effective dates vary standard by standard but most are effective 1 January 2011

2 4 Foreign currency translation

(a) Functional and presentation currency

The functional and presentation currency of the Company is Pounds Sterling

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement

2.5 Investments in subsidiaries

All investments in subsidiaries are held at cost less impairment charges (if any) The cost of investments in subsidiaries includes expenditure that is directly attributable to the costs of acquiring subsidiary companies

2.6 Financial assets

2 6 1 Classification

The company classifies its financial assets in one category – loans and receivables The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition The Company's loans and receivables comprise 'trade and other receivables' in the balance sheet (notes 2 7)

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets

2.6 2 Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase the asset Financial assets are derecognised when the risk and rewards of ownership have transferred

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method

2.7 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the trade receivable is impaired The amount of provision recorded is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised within administrative expenses in the income statement

2.8 Share capital

Ordinary shares are classified as equity Mandatory redeemable preference shares are classified as liabilities Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

2.9 Trade and other payables

Trade and other payables are non derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date These are classified as non-current liabilities Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method

2 10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently carried at amortised costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest rate method

Preference shares, which are mandatorily redeemable on a specified date are classified as liabilities The dividends on these preference shares are recognised in the income statement as interest expense

2 11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax Tax is recognised in the Statement of Total Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions, when appropriate, as the basis of amounts expected to be paid to the tax authorities

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

2.11 Current and deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority

2 12 Revenue

The company receives dividends from its subsidiary company These are recognised as revenue when the company becomes entitled to receive such dividends, which is typically on receipt of the monies

2 13 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders or, in the case of cumulative preference share dividends, the period in which the Company becomes contractually obliged to pay a dividend to the shareholders

3 Financial risk management

3.1. Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest rate risk The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the executive directors

(a) *Interest rate cash flow risk*
The company nas interest bearing liabilities Interest bearing liabilities comprise amounts due in respect of redeemable preference shares which have a fixed interest rate of 8%

(b) Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The Company keeps the capital structure under review with a process of monthly financial forecasts updated quarterly These forecasts, including a detailed cash flow forecast, provide the Board with an assessment of the Company's capital adequacy for the period under review

Management regard the capital structure of the company to consist of the ordinary and redeemable preference shares in issue

During the year the Company identify surplus capital which was returned to shareholders Further information on this is given in note 10

(c) *Liquidity risk*
The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements Operating cash flows are actively managed with annual cash flow forecasts updated as required and subject to board review

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows

At 30 September 2010	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over five years**
Accrued expenses	16,611	-	-	-
Redeemable preference shares	380,160	380,160	4,887,399	-

At 30 September 2009	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over five years**
Accrued expenses	16,611	-	-	-
Redeemable preference shares	420,200	420,200	7,963,653	-

The Company's borrowings are analysed in note 10

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The Company makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results The financial statements include no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

5. Investments in subsidiaries

	Shares in Company undertakings £
Cost and net book value	
As at 1 October 2008, 30 September 2009 and 30 September 2010	**3,850,414**

Investments in Company undertakings are recorded at cost, which is the fair value of the consideration paid

The directors consider the value of investments to be supported by their underlying assets

Arrow Industrial Holdings Limited

Notes to the financial statements
for the year ended 30 September 2010 (continued)

5. Investments in subsidiaries (continued)

Principal subsidiaries

	County of incorporation	Nature of business	Proportion of ordinary shares
Arrow Industrial Group Limited	UK	Manufacture of Industrial Doors	100%
Arrow Industrial Limited	UK	Dormant	100%
Arrow Rapid Roll Doors Limited	UK	Dormant	100%

The Company also holds 100% of the deferred ordinary shares issued by Arrow Industrial Group Limited

Arrow Industrial Limited and Arrow Rapid Roll Doors Limited are subsidiaries of Arrow Industrial Group Limited

The proportion of the voting rights in the subsidiary companies do not differ from the proportion of ordinary shares held

The aggregate capital and reserves of the subsidiaries are as follows

	2010 £	2009 £
Arrow Industrial Group Limited	**3,105,629**	2,579,831
Arrow Industrial Limited	**1,000**	1,000
Arrow Rapid Roll Doors Limited	**1,000**	1,000

Arrow Industrial Group Limited reported a profit for the year of £953,798 (2009 £758,449)

Arrow Industrial Holdings Limited and all of its subsidiary companies are subject to cross-guarantee arrangements date 31 October 2002 with Barclays Bank plc There are currently £nil liabilities (2009 £nil) associated with these guarantees

6. Trade and other receivables

Non-current	2010 £	2009 £
Other receivables	**1,043,915**	1,523,773

Other receivables consist of amounts due from Arrow Industrial Group Limited There is no formal repayment plan in respect of these balances except that the Company has agreed that it will not demand repayment of these balances for a period of at least 12 months from the end of the accounting period to which these financial statements relate The loan is non-interest bearing

The fair value of trade and other receivables at 30 September 2010 approximate to the book value stated above

7 Share capital

	Number of shares	Ordinary Shares £
As at 1 October 2008, 30 September 2009 and 30 September 2010	95,000	95,000

The total authorised number of ordinary shares is 95,000 (2009 95,000) with a par value of £1 per share (2009 £1 per share) All of the ordinary shares are fully paid (2009 95,000)

8 Reserves

	Retained Earnings £
As at 1 October 2008	(15,488)
Profit for the year	25,564
At 30 September 2009	10,076
Profit for the year	20,142
At 30 September 2010	**30,218**

9. Trade and other payables

Current	2010 £	2009 £
Accrued expenses	**16,611**	16,611

Accrued expenses solely related to amounts accrued in respect of unpaid dividends on redeemable preference shares

10. Borrowings

Non-current	Number of shares		Value		
	'A' Preference No	'B' Preference No	'A' Preference £	'B' Preference £	Total £
At 1 October 2008 and 30 September 2009	3,400,000	1,852,500	3,400,000	1,852,500	5,252,500
Reduction in share capital	(500,000)	-	(500,000)	-	(500,000)
At 30 September 2010	**2,900,000**	**1,852,000**	**2,900,000**	**1,852,500**	**4,752,500**

All preference shares have a par value of £1 (2009 £1) per share and are all fully paid (2009 £5,252,500)

During the year, the company reduced its share capital twice under the provisions of the Companies Act 2006 to return surplus capital in excess of its needs to shareholders of the Company In accordance with the Articles of Association of the Company, holders of the 'A' preference shares rank in priority to receive any returns of capital on a reduction of share capital As such, the effect of the reductions in share capital has been to cancel 500,000 'A' preference shares and return £500,000 to the holders of those shares (being the parent company, Portchester Equity Limited), and therefore reduce the carrying value of the preference share capital classified as debt by a corresponding amount

Both classes of preference shares carry a fixed dividend rate of 8% which accrues on a daily basis and is payable quarterly The holders of the preference shares are also entitled to 5% of the value of any dividend paid to ordinary share holders

The holders of both classes of preference shares are not entitled to receive notice of, or attend and vote at any general meeting of the Company unless the business of the meeting includes a resolution for any one of the following matters

- to wind up or dissolve the company,
- to repay or reduce the share capital of the company, or
- to vary or sabotage any of the class rights attached to the preference shares

The shares can be redeemed at the shareholders request on or after 8 February 2013 The carrying value of the preference shares approximates their fair value

11 Expenses by nature

	2010 £	2009 £
Legal expenses	-	34,091

12. Auditor remuneration

The auditor's remuneration has been borne by the trading company, Arrow Industrial Group Limited, with no recharge to the Company

13. Finance income and costs

	2010 £	2009 £
Interest expense.		
- On redeemable preference shares	**404,858**	424,890

The dividends paid on the redeemable preferences shares in 2010 and 2009 were £404,858 (£0 08 per share) and £424,890 (£0 08 per share) respectively

14. Employee benefit expense

The company did not incur any expenses in connection with employment during the year (2009 £nil)

The average monthly number of persons (including executive directors) employed during the period was 4 (2009 4)

The number of employees at 30 September 2010 was 4 (2009 4)

No emoluments were received by the directors during the year for their services to the company The services of Mr DA Horner, ME Thistlethwayte and JR Thistlethwayte are of a non executive nature and their remuneration for their services is deemed to be wholly attributable to the group company paying the emoluments

The services of Mr N B Oliver are of an executive nature and his emoluments are deemed to be wholly attributable to the subsidiary company, Arrow Industrial Holdings Limited

Arrow Industrial Holdings Limited

Notes to the financial statements
for the year ended 30 September 2010 (continued)

15. Income tax expense

	2010 £	2009 £
Current tax:		
Current tax on profits for the year	-	-
Receipts in respect of group relief provided	-	(9,545)
Total current tax	-	(9,545)

The tax on the profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the profit of the Company as follows

	2010 £	2009 £
Profit before tax	**20,142**	16,019
Tax calculated at domestic tax rates applicable 28% (2009 28%)	**5,640**	4,485
Tax effects of		
Permanent differences	**(5,640)**	(14,030)
Total tax charge	-	(9,545)

There are no significant factors anticipated to impact future tax changes

16. Cash used in operations

	2010 £	2009 £
Profit before income tax	**20,142**	16,019
Adjustments for		
- Dividends from subsidiary companies	**(425,000)**	(475,000)
- Finance costs – redeemable preference share dividends paid	**404,858**	424,890
Changes in working capital		
- Decrease in trade and other receivables	-	9,406
- (Decrease) in trade and other payables	-	(12,164)
Cash used in operations	-	(36,849)

17. Contingencies

At 30 September 2010 the Company had outstanding indemnities to Barclays Bank plc amounting to £70,000 (2009 £70,000) in respect of a bond to HM Revenue and Customs

Arrow Industrial Holdings Limited

Notes to the financial statements for the year ended 30 September 2010 (continued)

18 Commitments

(a) Capital commitments
The Company had no outstanding commitments to acquire capital equipment (2009 £nil) at the year end

(b) Lease commitments
The Company had no non-cancellable operating leases (2009 £nil) at the year end

19. Related party transactions

Key management compensation

The directors are considered to be the only key management of the business The directors received no (2009 £nil) compensation in respect of services provided to this company during the year (see note 13)

20 Ultimate controlling party

The immediate and ultimate parent company is Portchester Equity Limited, a private company incorporated in the UK The largest and smallest company in which the results of the Company are consolidated is that headed by Portchester Equity Limited Copies of these financial statements can be obtained from 20 Jewry Street, Winchester, Hampshire, SO23 8RZ

The directors recognise M E Thistlethwayte as the ultimate controlling party by virtue of his controlling interest in Portchester Equity Limited