AmSafe Bridport Limited

Report and Financial Statements

Year ended 31 December 2010

Registered No 00140449

REPORT AND FINANCIAL STATEMENTS YEAR TO 31 DECEMBER 2010

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DIRECTORS AND PROFESSIONAL ADVISORS

Directors

M S Brooks
D E Gilbert
I P Kentfield (Appointed 23 March 2011)
T W Lyons
A R McIlwraith (Resigned 23 March 2011)

Secretary

M S Brooks

Registered office

The Court
Bridport
Dorset
DT6 3QU

Bankers

Royal Bank of Scotland
1 Spinningfields Square
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M3 3AP

Solicitors

Burges Salmon
One Glass Wharf
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Bristol
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Auditor

Deloitte LLP
Bristol
United Kingdom

DIRECTORS' REPORT

The Directors submit their annual report and financial statements for the year ended 31 December 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is engaged in the design, manufacture, repair and distribution of safety and securement products for the aviation, speciality vehicle and military markets Major products include restraint systems for the commercial and general aviation industries, nets and other cargo control products for use in connection with civil and military air freight, and components for speciality vehicles and child seats The Company also distributes consumable products manufactured by others for use on commercial aircraft

The results for the year are given in the profit and loss account on page 8

Aside from the problems associated with volcanic ash, which closed much of European air space in April 2010, year-on-year international passenger transport measured in revenue passenger kilometres (RPK) grew steadily through the year to end at around its previous peak seen in 2008 Load factors also rose over the year, but seasonally adjusted showed a significant fall at the end of 2010 that continued in January and February 2011 Demand for distributed spares was fairly flat although the Company recovered virtually all of the lost revenues arising from the failure of a major customer at the end of 2009

The Company entered 2010 with high hopes of two new products for sale in the defence market, a heavy duty version of the vehicle arrest net, and textile armour systems that can offer greater operational effectiveness than traditional steel bar systems as well as reducing vehicle weight Sales of these items were delayed as customers recalibrated their performance requirements, but the Company remains confident of earning significant revenues from these products in future years Traditional defence products in the form of freight nets and helicopter under-slung nets performed well, though sold at levels below 2009 In the year ahead UK budgetary restraints affecting the Ministry of Defence are not expected to further influence future sales dramatically as much as operational matters, given the relatively low price per unit and consumable nature of the products we supply

New product designs have been developed at a fast pace for ground vehicles that allow continued focus of European agricultural and construction equipment, allowing sales to increase 38% above 2009 levels Attempts are being made to increasingly standardise products/components and top level and sub-assemblies have been supported by one of our affiliated companies in China to ease cost

AmSafe Bridport's lightweight pallet net has provoked considerable interest worldwide, with those airlines that have already purchased nets joined by an increasing number of others either flying trials or evaluating the significant fuel savings we see available to them Under-floor aviation cargo restraint systems continued to sell well both to Original Equipment Manufacturers (OEMs) and aftermarket, while repair activities were responsible for 50% of the overall growth compared to 2009 The Company continues to develop new products that both reinforce its dominant market position and extend its reach in areas associated with restraint systems and cargo handling, options providing operators with opportunities for significant weight reductions 2011 is expected to offer benefits from the initial phase of economic recovery which may be expected to be seen first in the freight volumes expedited from the Asia region As at the end of June 2010 IATA reports passenger growth (RPK) up 7 9% year-on-year notwithstanding the problems in Europe with volcanic ash Freight tonne kilometre (FTK) growth was strong at the start of 2010 but trended to zero by year-end The market is fragmented with the Far East slowing, exacerbated by the earthquake and related commercial disruption in Japan, while the US and Europe have picked up with demand holding in the US and the relatively weak Euro stimulating EU exports Performance in this area tends to be influenced by the global market rather than regional influences

DIRECTORS' REPORT (continued)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Financial

AmSafe Bridport Limited generated an operating profit of £2,528,000 in the year (2009 £3,762,000) on sales of £38,871,000 (2009 £37,336,000) Sales in 2010 showed increases coming from passenger seatbelts and ground vehicle restraints Gross profit fell to 38 0% (2009 40 3%) driven by changes in the repair versus manufacture mix of passenger seatbelts and lower margins achieved from parts distribution

The Company is due $31,968,000 (2009 $31,213,000) from its US parent upon which interest is chargeable at 0 5% above USD LIBOR The fluctuation in exchange rate influences the GBP value of this debt These movements were responsible for an exchange gain of £280,000 credited to the profit and loss account within finance income (2009 £1,803,000 loss), see note 4

Outlook

2011 is evidencing a recovery in demand for commercial aviation products whereas demand for defence items is already showing signs of budget constraint in the UK and an active strategy to maximise returns for expenditure from overseas customers During 2010 many commercial customers ran down inventories and will look for short lead times as business begins to pick up again In Europe the low-cost airlines continue to achieve the greatest success and by their nature seek to procure at optimal prices Continuous improvement initiatives have been established at all sites and a number of opportunities for sustainable cost reduction have been identified which will overlay an established culture of restraint over discretionary expenditure

Future developments

Product innovation continues to play a big part in the Company's success through linking core competencies and expertise with woven textile products, with customers seeking innovative and robustly engineered solutions Several new products will come to market in the second half of 2011 along with delayed revenue from the textile armour system and its derivatives

New products are the key to future growth but the cost base is under constant review In 2011 seatbelt manufacture has reverted to the US allowing Group income to be maintained while securing significant ongoing reductions in UK indirect overheads

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks The global economic recovery benefited the Company during 2010, but doubts linger as to whether this will be sustained In the UK, Government spending cuts and job losses have not yet had their full impact and the ability of the private sector to offer fresh employment opportunities to those losing jobs from Government posts remains a concern for the rest of 2011 and beyond Consumer confidence in the UK and Europe is patchy and needs to be resilient to support leisure and business travel as well cargo movements for the Company to meet its planned growth targets

Over-capacity in the commercial aviation industry remains a concern, as does the return of high fuel prices and the possibility of airline failure is an ever-present risk to our business The Company reviews its debtor balances closely and seeks to strictly maintain agreed credit terms as the optimal way to minimise its exposure An allowance for impairment is made where there is sufficient doubt over recoverability based on previous experience The Company has no significant concentration of credit risk, with exposure spread over a large number of accounts, some of the larger customers being secure sovereign states

Trading activities are fairly widely diversified and, with sales of defence-related products tending to run counter-cyclically with demand for commercial products, there is a robust underpinning of future growth

DIRECTORS' REPORT (continued)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS (continued)

Principal risks and uncertainties (continued)

The Company remains vigilant to the influence of competitors emerging, particularly in emerging markets, and secures advantage by the global reach of the AmSafe organisation as a whole The balance sheet at the year-end shows cash funds to have reduced by £3,158,000, with increases in trade debtors and amounts owed by the parent company of £1,998,000 and reductions in Group creditors of £4,144,000 as management charges were settled with a US affiliate The Company remains cash generative on operations and is expected to generate net positive cash flows for the foreseeable future

The Directors consider foreign exchange movements to be a risk area Although purchasing an increasing amount of goods in the Euro zone, the Company principally trades in Sterling and US Dollars It does not enter into any forward contracts to buy and sell currency, and partially benefits from a natural hedge for US Dollar income in purchasing raw materials from the Far East in that currency The Company does not deal in any financial instruments for speculative purposes

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review above The Directors' Report on pages 2 to 6 describes the financial position of the Company The financial position of the Company, its cash flows, liquidity position and borrowing facilities have been reviewed by the Company's Chief Financial Officer In addition, the going concern disclosures in Note 1 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk

The Company and fellow members of the AmSafe group have considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries The ultimate parent company is financed by a mixture of debt and equity Interest cover for the loan finance is formally reviewed at quarterly Board Meetings of the Parent Company and is considered more than adequate for the year ahead from the date of approval of these financial statements The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

As a consequence, the Directors have concluded that there is a reasonable expectation that the Company has 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

DIVIDENDS

No interim dividend was paid from 2010 profits (2009 £nil) The Directors do not propose to pay a final dividend for the year (2009 £nil)

DIRECTORS

The Directors in office during the year and appointed subsequently were

M S Brooks
D E Gilbert
I P Kentfield (Appointed 23 March 2011)
T W Lyons
A R McIlwraith (Resigned 23 March 2011)

DIRECTORS' REPORT (continued)

EMPLOYMENT POLICIES

The Company seeks to ensure that employees at all levels are knowledgeable about the progress and development of the business in which they work and the overall performance of the Company The communication is by the means best suited to the individual style of each operation, and includes consultative committees and briefing groups

It is the Company's policy to employ the most suitably qualified people, regardless of sex, ethnic origin, age or religion

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

The Company identifies the training requirements that result from its business development plans Training is implemented after discussion with the individuals concerned, taking into account their needs and career aspirations

The management of the Company includes a regular review of our responsibilities for the health, safety and welfare of employees and others associated with the business

DONATIONS

Payments to charitable organisations amounted to £1,460 (2009 £1,616) No political contributions were made in either year

PAYMENT POLICY

The Company's policy is to comply with the terms of payment agreed with a supplier Where terms are not negotiated, the Company endeavours to adhere with the supplier's standard terms

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is 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 in office as auditor

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

M S Brooks

Secretary

28 September 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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, 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

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 AUDITOR'S REPORT TO THE MEMBERS OF AMSAFE BRIDPORT LIMITED

We have audited the financial statements of AmSafe Bridport Limited for the year ended 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 24 These financial statements have been prepared under the accounting policies set out therein 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 auditor's 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 auditor

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 and express an opinion on 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

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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMSAFE BRIDPORT LIMITED (continued)

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

Stuart N. Woodward

Stuart Woodward (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom
30 September 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Note	2010	2009
		£000	£000
Turnover	2	38,871	37,336
Cost of sales		(24,101)	(22,282)
Gross profit		14,770	15,054
Administrative expenses		(12,242)	(11,292)
Operating profit	3	2,528	3,762
Interest receivable and similar income	4	701	297
Interest payable and similar charges	4	(13)	(1,810)
Profit on ordinary activities before taxation		3,216	2,249
Tax charge on profit on ordinary activities	7	(1,037)	(330)
Profit for the financial year	20	2,179	1,919

All of the Company's operations are classed as continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2010

	Note	2010	2009
		£000	£000
Profit for the financial year		2,179	1,919
Actuarial gain relating to the pension scheme	18	2,482	2,028
UK deferred tax attributable to actuarial gain	18	(653)	(589)
Total recognised gains relating to the year		4,008	3,358

BALANCE SHEET
At 31 December 2010

	Notes	2010	2009
		£000	£000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	2,269	2,408
Investments	11	3,745	3,685
		6,014	6,093
Current assets			
Stocks	12	5,081	5,320
Debtors	13	28,275	26,519
Cash at bank and in hand		4,927	8,085
		38,283	39,924
Creditors: amounts falling due within one year	14	(7,128)	(10,870)
Net current assets		31,155	29,054
Total assets less current liabilities		37,169	35,147
Creditors: amounts falling due after more than one year	15	(9,614)	(9,614)
Provisions for liabilities	16	(73)	(87)
Net assets excluding pension asset/(liability)		27,482	25,446
Pension asset/(liability)	18	1,914	(58)
Net assets		29,396	25,388
Capital and reserves			
Called up share capital	17	4,500	4,500
Profit and loss account	20	24,896	20,888
Shareholders' funds		29,396	25,388

The financial statements of AmSafe Bridport Limited, company number 00140449, were approved by the Board of Directors and authorised for issue on 28 September 2011

M S Brooks

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Generally Accepted Accounting Practice The significant accounting policies adopted which have been applied consistently throughout the year and the preceding year, are described below

The Company has taken advantage of the provisions of s401 of the Companies Act 2006 not to prepare group accounts on the basis that it is a wholly owned subsidiary of a company registered in England and Wales which prepares consolidated accounts (see note 23) The financial statements therefore present information about the company as an individual undertaking and not about its group

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 and 3 The Directors' Report on pages 2 to 5 describes the financial position of the Company

The Company meets its day-to-day working capital requirements from its own resources and from time to time remits surplus funds to its immediate US parent This resultant loan is denominated in US Dollars and is repayable on demand with a value of £20,593,000 ($31,968,000)

The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's products, (b) the exchange rate between Sterling and the US Dollar and between Sterling and Euro and thus the consequences for the Sterling value of its sales in foreign currency as well as the cost of the Company's raw materials, and (c) the demands of the ultimate parent company to meet its interest obligations to the providers of leveraged finance

The Directors have considered the forecasts and projections of the Company and the Group, taking account of reasonably possible changes in trading performance, underlying demand for its products together with evaluating all known liabilities and contingencies There is no expectation that there will be a demand for cash from the Company's US parent in support of interest obligations regardless of any underlying change in US prime or LIBOR rates The Directors are content that these forecasts and projections show that the Company should be able to operate within the funds it currently holds and will generate in the year ahead

As a consequence of these enquiries the Directors have concluded that there is a reasonable expectation that the Company has 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

Revenue recognition

Turnover is recognised on despatch of goods to UK customers on the basis that title is deemed to be transferred to the customer at this point Where goods are despatched to overseas customers, revenue is recognised based on the contractual terms of the distribution agreement

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life Provision is made for any impairment

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets (less estimated residual value) on a straight-line basis over the expected useful economic lives of the assets concerned, commencing in the month following acquisition The principal anticipated lives used for this purpose are

Freehold buildings	20 to 40 years
Short leasehold buildings	Term of lease
Plant and equipment	3 to 15 years
Motor vehicles	4 years

Freehold land is not depreciated

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Investments

Investments in subsidiary companies are stated at cost less provision for any impairment in value

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 the 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 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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value In the case of manufactured goods, cost includes direct labour and factory overheads as appropriate

Long-term contracts

Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into Sterling at the exchange rate applicable on the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated into Sterling at the rates of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Pension costs

The Company participates in both a defined benefit pension scheme and a defined contribution pension scheme

For defined benefit schemes the amounts charged to the profit and loss account are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest costs 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 defined benefit schemes are funded, with the assets of the plan held separately from those of the 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 actuarial valuations are obtained at least once every three years and are updated at each balance sheet date

The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet

For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

Leases

Costs of operating leases are taken to the profit and loss account on a straight-line basis over the life of the lease The Company has no tangible fixed assets subject to finance leases

Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Share-based payments

The Company has applied the requirements of FRS 20 *Share-Based Payments*

The Group issues equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

2. TURNOVER

The turnover is wholly attributable to the principal activity of the Company

A geographical analysis of turnover is set out below

	2010	2009
	£000	£000
United Kingdom	16,530	17,055
Western Europe	13,968	12,068
Rest of world	4,735	5,883
North America	3,638	2,330
	38,871	37,336

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2010 £000	2009 £000
Profit on disposal of fixed assets	(14)	-
Operating lease rentals		
- plant and machinery	48	62
- land and building	349	475
Hire of plant and machinery	11	23
Depreciation	307	299
Amortisation of goodwill	42	-
Auditor's remuneration and expenses		
- as auditor	91	90
- other services relating to taxation	-	6
Net exchange loss	160	24

A royalty of £1,848,000 (2009 £2,178,000) has been charged against profit in recognition that the Company benefits from the combined intellectual property, know-how and brand identity of AmSafe, Inc utilised in the manufacture and repair of passenger seat restraints used in the aviation industry

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

4. INTEREST

	2010	2009
Interest receivable and similar income	£000	£000
Loans to group companies	291	240
Bank interest	7	24
Interest on taxation repayments (including VAT)	-	13
Exchange gain from inter-company loans	280	-
	578	277
Other finance income – pension	123	20
	701	297

Interest payable and similar charges	£000	£000
Loans from Group companies	(12)	(6)
Bank charges	(1)	(1)
Exchange loss from inter-company loans	-	(1,803)
	(13)	(1,810)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year (including directors) was as follows

	2010 No.	2009 No.
Production	135	134
Administration and marketing	127	133
	262	267

The aggregate payroll costs in respect of these persons were	£000	£000
Wages and salaries	6,897	7,032
Social security costs	648	649
Share-based payments	48	34
Other pension costs	401	328
	7,994	8,043

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

6. DIRECTORS' EMOLUMENTS

	2010	2009
	£000	£000
Emoluments	220	266

	£000	£000
Company contributions paid to defined benefit pension scheme	29	29

	No.	No.
The number of Directors who		
- are members of the defined benefit plan	2	2
- had awards granted under long-term share option schemes	3	2

The amounts in respect of the highest paid Director are as follows

	£000	£000
Emoluments	131	166

	£000	£000
Company contributions paid to defined benefit pension scheme	18	17

	£000	£000
Accrued retirement benefits	22	22

Messers Gilbert and Lyons are also directors of another company in the Group, which paid all of their remuneration and pension contributions It is not practicable to allocate their remuneration between their services as a director of AmSafe Bridport Limited and their services to other group companies

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

7. TAXATION

	2010 £000	2009 £000
(a) Tax on profit on ordinary activities		
UK Corporation tax at 28% (2009 28%) on the profit for the year	143	(7)
Adjustment in respect of prior years	57	(85)
Group relief payable	303	-
Current tax (note 7 (b))	503	(92)
Deferred tax		
Timing differences, origination and reversal	492	422
Effect of tax rate change	42	-
Total tax charge	1,037	330

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	£000	£000
Profit on ordinary activities before tax	3,216	2,249

	£000	£000
Tax at 28% (2009 28%) thereon	900	630
Effects of		
Expenses not deductible for tax purposes	75	-
Capital allowances in excess of depreciation	(18)	(43)
Movement in short-term timing differences	(511)	(594)
Adjustment in respect of prior years	57	(85)
Group relief claimed	(303)	-
Payment for group relief	303	-
Total current tax (note 7 (a))	503	(92)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

7 TAXATION (continued)

(c) Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of capital losses as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £17,000 (2009 £17,000)

The proposed, phased reduction in corporation tax rate to 23% by 2015 is not expected to materially affect the future tax charge or credit

8. EQUITY-SETTLED SHARE OPTION SCHEME

Certain employees of the Company participate in a US dollar denominated share option scheme of the Group Options are exercisable at a price equal to the estimated fair value of the Parent Company's shares on the date of grant The vesting period is five years If the options remain unexercised after a period of five years from the date of grant, the options expire Options are forfeited if the employee leaves the Group before the options vest

Details of the share options outstanding during the year are as follows

	2010		2009	
	Number of shares options	Weighted average exercise price ($)	Number of shares options	Weighted average exercise price ($)
Outstanding at beginning of the period	7,693	100	7,693	100
Options granted	1,200	90	-	-
Outstanding at the end of the period	8,893	99	7,693	100
Exercisable at the end of the period	-	-	-	-

The options outstanding at 31 December 2010 had a weighted average exercise price of $99 00 and a weighted average remaining contractual life of 2 37 years Options were granted on 6 February 2008 and 11 February 2010 The aggregate of the estimated fair values of the options granted are as follows

6 February 2008 $308,105 (£194,474 as at 31 December 2010) or $40 05 per share

11 February 2010 $53,208 (34,061 as at 31 December 2010) or $44 44 per share

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

8. EQUITY-SETTLED SHARE OPTION SCHEME (continued)

The options outstanding at 31 December 2009 had a weighted average exercise price of $100 00 and a weighted average remaining contractual life of 8 1 years Options were granted on 6 February 2008 The aggregate of the estimated fair values of the options granted on that date was $308,105 (£193,436 as at 31 December 2009) or $40 05 per share

The inputs into the Black-Scholes model are as follows

	2010 grant	2008 grant
Weighted average share price	US$90 0	US$100 0
Weighted average exercise price	US$90 0	US$100 0
Expected volatility	45%	34%
Expected life	6 5 years	6 5 years
Risk-free rate	3 15%	3 08%
Expected dividend yield	0%	0%

Expected volatility was determined by using two of AmSafe's competitors which are publicly traded From the competitors, the Annualised Historical Volatility was calculated for each competitor during year prior to the option grant date The average of this calculated volatility was then used to determine the historical volatility to be used for AmSafe for each grant date

The Company recognised a total expense of £48,000 ($75,000) (2009 £35,000 ($62,000) in connection with the equity-settled share-based payment transactions

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 1 January 2010	-
Additions	42
At 31 December 2010	42
Amortisation	
At 1 January 2010	-
Charge for the year	(42)
At 31 December 2010	(42)
Net book value	
At 31 December 2010	-
At 31 December 2009	-

Goodwill arose on the acquisition of assets from an air cargo equipment business in May 2010 The directors determined that the goodwill should be amortised over the remainder of the year

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

10. TANGIBLE FIXED ASSETS

	Land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost			
At 1 January 2010	1,552	4,870	6,422
Additions	62	128	190
Disposals	-	(207)	(207)
At 31 December 2010	1,614	4,791	6,405
Depreciation			
At 1 January 2010	196	3,818	4,014
Charge for the year	66	262	307
Disposals	-	(206)	(206)
At 31 December 2010	262	3,874	4,136
Net book value			
At 31 December 2010	1,352	917	2,269
At 31 December 2009	1,356	1,052	2,408

Freehold land of £535,000 (2009 £535,000) is not depreciated

Freehold land and buildings included above has a net book value of £1,100,000 Short leasehold land and buildings are included above with a net book value of £250,000 The market value of land is not considered to be materially different to the book value at which it is included above

There were no outstanding commitments in respect of capital expenditure at 31 December 2010 or 2009 that are not provided in the financial statements

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

11. INVESTMENTS

Investments in subsidiary undertakings

	Shares £000
Cost	
At 1 January 2010	8,015
Additions	207
At 31 December 2010	8,222
Provisions	
At 1 January 2010	4,330
Increase	147
At 31 December 2010	4,477
Net book value	
At 31 December 2010	3,745
At 31 December 2009	3,685

Name of undertaking	*Activity*	*Issued share capital*
Bridport Aviation Asia Pte Limited	Distributor of aviation cargo restraint products	650,000 ordinary shares of (Singapore) $1 each
AmSafe Services India (Private) Limited (India)	Distributor of aviation parts	9,999 ordinary shares of Rs10 each

AmSafe Bridport Limited invested in AmSafe Services India (Private) Limited, Bangalore by way of the purchase of 9,999 equity shares of Rs10 in December 2009 A further investment of £207,000 was made in 2010 AmSafe Services India (Private) Limited has not begun trading and the investment has been written down to the value of the company's net assets Bridport Aviation Asia Pte Limited did not trade during the year AmSafe Bridport Limited holds 100% of the issued share capital of both companies

In addition to the above subsidiaries, the Company also has a number of other dormant, wholly-owned subsidiary undertakings Full details of these companies are included in the Company's annual return

The Company has taken advantage of the exemption, under s401 of the Companies Act 2006, from preparing group accounts, as it is included in the consolidated financial statements of a larger UK group, Bridport Limited Accordingly, these financial statements present information about the Company and not about its group

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

12. STOCKS

	2010 £000	2009 £000
Raw materials	2,311	2,464
Work in progress	737	494
Finished goods	1,520	1,892
	4,568	4,850
Long-term contract balances	513	470
	5,081	5,320

The difference between the purchase price of stocks and their replacement cost is not material

13. DEBTORS

	2010 £000	2009 £000
Trade debtors	6,073	5,226
Loan owed by immediate Parent Company	20,593	19,442
Amounts owed by other Group companies	407	105
Other debtors	108	702
Corporation tax recoverable	835	715
Prepayments and accrued income	259	329
	28,275	26,519

Other debtors include a deferred tax asset of £33,000 (2009 £97,000) relating to timing differences associated with capital allowances and provisions expected to reverse and £nil (2009 £469,000) relating to timing differences in respect of pension contributions

The loan owed by the immediate Parent Company is unsecured and denominated in USD, and had a value of $31,968,000 at 31 December 2010 (2009 $31,213,000) Interest is chargeable at 0 5% above USD LIBOR

14. CREDITORS: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	1,387	1,213
Amounts owed to group undertakings	3,735	7,467
Other taxes and social security costs	409	260
Other creditors	282	135
Accruals and deferred income	1,315	1,795
	7,128	10,870

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

15. CREDITORS: amounts falling due after more than one year

	2010 £000	2009 £000
Amounts owed to group undertakings	9,614	9,614

Amounts owed to group undertakings are interest free and unsecured, and, although having no fixed repayment date, an agreement is in place that these loans will not be repaid during the next 12 months

16. PROVISIONS FOR LIABILITIES

	Private medical insurance £000
At 1 January 2010	87
Utilisation of provision	(14)
At 31 December 2010	73

Provisions comprise £73,000 (2009 £87,000) for future liabilities in respect of the healthcare rights of certain former employees It is expected that the provisions will be utilised progressively over the next seven years

17. SHARE CAPITAL

	No. 000	2010 £000	No. 000	2009 £000
Authorised				
Ordinary shares of £1 each	4,500	4,500	4,500	4,500

	No. 000	2010 £000	No. 000	2009 £000
Issued and fully paid				
Ordinary shares of £1 each	4,500	4,500	4,500	4,500

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

18. PENSION COSTS

The Company participates in defined benefit and defined contribution pension schemes

Since 1 October 2001 employees who are not members of the defined benefit plan have been eligible to join a defined contribution scheme called the "AmSafe Employee Retirement Plan" (AMERP) In the year to 31 December 2010 company contributions to this plan were £180,000 (2009 £119,000)

In addition, the Company made payments to other pension arrangements for certain employees These payments amounted to £3,000 (2009 £4,000)

The Company participates in the Bridport Pension Plan, a defined benefit pension scheme for which all employees who were employed by the Company as at 30 September 2001 are eligible This scheme was closed to new entrants with effect from 1 October 2001 and provides final salary benefits for 59 employees The Plan also provides deferred pension and immediate pension benefits for former employees who comprise the majority of the membership Deferred benefits are subject to revaluation broadly in line with price inflation up to 5% p a The bulk of pensions in payment are subject to fixed annual increases at 3% p a The assets of the scheme are held in a separate fund, administered by Trustees

The amounts recognised in the balance sheet for defined benefit pension schemes are as follows

	2010 £000	2009 £000
Present value of funded obligations	28,274	28,152
Fair value of scheme assets	(30,831)	(28,071)
Balance sheet (asset)/provision	(2,557)	81
Less deferred taxation	643	(23)
	(1,914)	58

There are no obligations arising from schemes which are wholly unfunded

	£000	£000
Current service cost	215	199
Interest on obligations	1,679	1,663
Expected return on scheme assets	(1,802)	(1,683)
Expense recognised in profit and loss	92	179

	£000	£000
Actual return on assets	3,459	2,402

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

18. PENSION COSTS (continued)

The amounts recognised in the statement of total recognised gains and losses are as follows

	2010 £000	2009 £000
Actuarial gains	2,482	2,028
Less deferred taxation	(653)	(589)
	1,829	1,439

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £4,863,000 (2009 £7,345,000)

Changes in the present value of the defined benefit obligation are as follows

	£000	£000
Opening defined benefit obligation	28,152	28,585
Service cost	215	199
Interest cost	1,679	1,663
Employee contributions	158	149
Actuarial gains	(825)	(1,291)
Benefits paid	(1,105)	(1,153)
Closing defined benefit obligations	28,274	28,152

Changes in the fair value of scheme assets are as follows

	£000	£000
Opening fair value of scheme assets	28,071	26,402
Expected return	1,802	1,683
Actuarial gains	1,657	719
Contributions by employer	248	271
Contributions by employees	158	149
Benefits paid	(1,105)	(1,153)
Year-end fair value of scheme assets	30,831	28,071

The Scheme does not hold directly any investment in any financial instrument issued by AmSafe Bridport Limited or own any property used by AmSafe Bridport Limited

AmSafe Bridport Limited expects to contribute £259,000 in the year ending 31 December 2011

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

18. PENSION COSTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2010	2009
Equities	42 0%	46 9%
Absolute return funds	19 7%	0 0%
Fixed interest securities	35 3%	35 9%
Index linked gilts	2 4%	2 7%
Property	0 0%	0 0%
Cash	0 3%	14 1%
Insured pensions	0 3%	0 4%

A full actuarial valuation was carried out at 1 July 2007 and was updated to 31 December 2010 by a qualified independent actuary The major assumptions used by the actuary were

	2010	2009
Discount rate	5 6%	6 00%
Expected return on scheme assets	6 2%	6 5%
Retail price inflation	3 3%	3 4%
Consumer price inflation	2 8%	not applied
Future salary increases	3 8%	3 90%
Future pension increases		
Linked to RPI with a maximum of 5%	3 10%	3 30%
Linked to RPI with a minimum of 3% and maximum of 5%	3 70%	3 70%
Linked to RPI with a maximum of 2 5%	3 10%	3 30%
Pensioner mortality	PCA00 base mortality with medium cohort improvements subject to a minimum annual improvement of ¾%	PCA00 base mortality with medium cohort improvements subject to a minimum annual improvement of ¾%
Commutation	At retirement, all active members assumed to exchange 20% of their pension for a fixed sum	At retirement, all active members assumed to exchange 20% of their pension for a fixed sum

The overall expected rate of return on assets for the year ended 31 December 2010 was determined by considering the yields on fixed interest securities held at 31 December 2010 and the higher return expected on equity and property investments (which was taken as being 4 35% more than yield on gilts at that date)

The inflation assumption applied to certain elements of the pension scheme for the year ended 31 December 2010 is in line with the Consumer Prices Index (CPI) rather that the Retail Prices Index (RPI) as in previous years The application of the inflation assumption is determined by the pension scheme rules This is as a result of the Emergency Budget announcement in June 2010

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

18. PENSION COSTS (continued)

Amounts for the current and previous four periods are as follows

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Defined benefit obligation	(28,274)	(28,152)	(28,585)	(31,067)	(30,495)
Scheme assets	30,831	28,071	26,402	29,460	22,203
Surplus/(deficit)	2,557	(81)	(2,183)	(1,607)	(8,292)
Experience gain/(loss) adjustments on scheme liabilities	(1,972)	625	1,802	1,624	(605)
Experience gain/(loss) adjustments on scheme assets	1,567	719	(4,139)	(424)	392

19. OPERATING LEASES

At 31 December 2010 and 2009, the Company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other operating leases	
	2010 £000	2009 £000	2010 £000	2009 £000
Leases that expire				
- within one year	-	73	7	18
- between two and five years	-	-	43	38
- after five years	357	349	-	-
	357	422	50	56

20. PROFIT AND LOSS RESERVE

	2010 £000	2009 £000
At the beginning of the year	20,888	17,530
Actuarial gain net of deferred tax	1,829	1,439
Profit for the financial year	2,179	1,919
At the end of the year	24,896	20,888

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £000	2009 £000
Opening shareholders' funds	25,388	22,030
Actuarial gain net of deferred tax	1,829	1,439
Profit for the financial year	2,179	1,919
Closing shareholders' funds	29,396	25,388

22. CONTINGENT LIABILITIES

Contingent liabilities at the balance sheet date included

	2010 £000	2009 £000
Deferred payment guarantee in favour of HM Revenue & Customs	172	172
Performance bonds	132	248

23. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS AND CONTROLLING PARTY

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is the ultimate parent company AmSafe Global Holdings, Inc, a company incorporated in the United States of America

The parent undertaking of the smallest such group is the immediate parent company Bridport Limited, a company incorporated in Great Britain Copies of the accounts of Bridport Limited may be obtained from the Company at The Court, Bridport, Dorset DT6 3QU

Substantially all of the stock of AmSafe Global Holdings, Inc is owned in equal proportion by Greenbriar Equity Group LLC and Berkshire Partners LLC For this reason the Directors do not regard either company as the ultimate controlling party

24. TRANSACTIONS WITH RELATED PARTIES

Amsafe Bridport Limited is taking advantage of an exemption conferred by FRS 8 which provides exemption for disclosure of transactions between two or more members of a group, provided that all subsidiaries which are party to the transaction are wholly owned by the same group