

ASTRUM (UK) LIMITED

Report and Financial Statements

2 April 2010



REPORT AND FINANCIAL STATEMENTS 2 APRIL 2010

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REPORT AND FINANCIAL STATEMENTS 2 APRIL 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr P J Kite
Mr M J Hutchinson
Mr S J Dowson
Mr W M Teasdale
Miss P R Hope
Mr R Jeffries
Mr G Neasham

SECRETARY

Miss P R Hope

REGISTERED OFFICE

Bond Isle Way
Stanhope
County Durham
DL13 2YR

BANKERS

Bank of Scotland
New Ubernor House
11 Earl Grey Street
Edinburgh
EH3 9BN

AUDITORS

Deloitte LLP
Chartered Accountants
Newcastle upon Tyne
United Kingdom

MANAGING DIRECTOR'S REPORT

I am pleased to report a successful year for Astrum. The Company's financial year 2009/2010 has provided a turnover of £28.9m with an operating profit of £2.0m. This excellent performance is on the back of difficult trading conditions experienced throughout the industry caused by the global economic downturn.

We maintained our status as one of the world's leading designers and manufacturers of track systems for armoured fighting vehicles, and increased our investment in product development by 30%. Astrum's product range is now extensive and we are able to offer track systems for all the major armoured fighting vehicles deployed globally.

During the year we have continued to invest in the resources required to develop the business, successfully implementing the Group's "Plan for Growth" program. This program is focused on expanding our operations, and we have set up a steering group to drive the program forward. Under the steering group are sub-groups with objectives to develop the workforce, improve quality, safety and the environment, enhance communication and Astrum's profile in the community making it an employer of choice. The "Plan for Growth" program forms a key part of our Company strategy to grow sales in the global market place providing customers with unparalleled flexibility and choice.

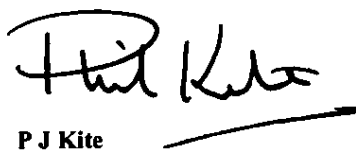
Investment in operations and efficiency improvements has also continued. Our investment in a new compressed air system for the Stanhope operation, one of the largest projects supported by the Carbon Trust, provided benefits to both the business and the environment, and received national press coverage.

During the year, our parent company was able to restructure its existing debt and the Group now has borrowing facilities that it can operate within for the foreseeable future.

The business also retained its position as an A/D/S 21st Century Supply (SC21) award winner. This prestigious award scheme has been created by the Aerospace and Defence industry, and supported by the UK MoD, to reward companies for excellence in quality and delivery performance, the adoption of continuous improvement within the business and for working with its customers in a joint approach to success. I am delighted we have achieved award status for a second year.

None of the improvements the Company has achieved would have been possible without our supportive customers, our hard working and skilled workforce, the support of our suppliers and financial institutions, and the dedication of my fellow Directors.

As we look to the forthcoming year we see signs of an improving market place and we will seek to build on our foundations as a leader in the design of track systems and running gear, and a reliable supplier of cast steel solutions, which I am confident will ensure Astrum remains the first choice for an expanding range of customers in an increasingly competitive market place.



P J Kite

Managing Director

21 June 2010

DIRECTORS' REPORT (continued)

The directors present their report and the audited financial statements for the year ended 2 April 2010

PRINCIPAL ACTIVITY

The principal activity of the Company is the design, manufacture and supply of steel products and complex engineered assemblies in high strength steels, other metals and polymers

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The report of the directors should be read in conjunction with the Managing Director's report which contains a review of the group's trading during the year

The key performance indicators (KPI's) by which management controls the business commence with monitoring the development of new products associated with expanding the company's product range and meeting customers' delivery targets for the introduction of new vehicles. Sales generation is carefully planned and monitored together with production capacity and efficiencies including material, labour and overheads costs

At the same time the KPI's of profitability, working capital management and capital investment are monitored in time frames which vary according to the level of detail from daily to, in the case of fully analysed management accounts and reports on all aspects of financial performance, monthly

The business has a very strong KPI ethos, this has become second nature to the business which has adopted all the principles of lean manufacturing. The directors intend that this ethos will continue into the future

Turnover for the company for the year ended 2 April 2010 was £28.9m with an operating profit of £2.0m

Whilst sales were affected by the effects of the global recession gross margin increased by 2.5% and operating profits were maintained at 7% in line with 2009

The Directors are confident about the long term prospects of the business, which is well established and focused on specialised markets

During the course of the year the Company was awarded an extension to its long term supply agreement with the UK Ministry of Defence for track systems. The contract runs until 2012 and includes options for both parties to extend until 2014

The company's considerable intellectual property rights, together with the significant added value it provides, further underpins the strength of the business

Astrum continues to invest in the development of new defence products for the UK and Export markets, targeted at delivering improvement in capability and durability. Product development has increased by 30% on FY09 and the Company plans to continue investing at this level during the forthcoming year as it looks to expand its operations throughout the global market place

This investment will ensure the company maintains its position as one of the world's leading designs and manufacturers of track systems for armoured fighting vehicles

PRINCIPAL RISKS

Market demand

The principal challenge facing UK business relates to the effects of the global credit crunch. The lack of liquidity in the financial markets reduced the ability of individuals and businesses to borrow money as well as leading to changes in Government spending policy, and has ultimately led to a reduction of demand across both our UK and global market places

Astrum is in a more fortunate position than many businesses in that it operates in a range of markets, including a niche Defence sector, the supply of track systems and running gear for armoured fighting vehicles, as well as in earthmoving, intermodal and general engineering. Operating in a wide range of markets and with Defence as its core business protected by a long term supply agreement as described above, places Astrum in a stronger position to ride out the economic recession

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS (CONTINUED)

Production costs

Astrum saw wide fluctuations in the cost of raw materials and utilities during the year. To counter-act the effect of cost increases the Company has adopted the principals of continuous improvement in its management philosophy and the way it does business to improve efficiency. The benefits of this approach are being seen through improvements in productivity and quality.

LIQUIDITY

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The directors remain confident about the long term prospects of the business, reflecting its well-established position in specialised markets.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The terms of these borrowing facilities have recently been renegotiated as described in the financial statements of the company's parent Astrum Holdings Limited.

The directors, having assessed the responses of the directors of Astrum Holdings Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Astrum group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Astrum Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

KEY PERFORMANCE INDICATORS (KPI'S)

The Company monitors a number of key performance indicators to ensure performance is fully understood.

	2 April 2010 £	3 April 2009 £
TURNOVER		
Export as a % of turnover	22.9%	21.7%
COST OF SALES		
Wage cost as a % of turnover	24.8%	23.1%
PROFITABILITY		
Operating profit as % of turnover	6.9%	6.7%

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who held office during the year, and since, were as follows:

Mr P J Kite
Mr M J Hutchinson
Mr S J Dowson
Miss P R Hope
Mr W M Teasdale
Mr R Jeffries
Mr G Neasham

DIRECTORS' REPORT (continued)

EMPLOYEES

Regular meetings are held between local management and employees to allow for the free flow of information and ideas

The Company's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests

Information on matters concerning employees is given through tool box talks, information bulletins and meetings, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance

The Company gives full consideration to applications for employment from disabled persons where the requirements of the role can be adequately fulfilled by a handicapped or disabled person. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Where an existing employee becomes disabled, the Company's policy is to provide continuing employment under normal terms and conditions wherever possible.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made no political donations and made donations of £682 (2009 £6,569) to various charities. As part of the company's "plan for growth" program a sub group has been created to improve the company's profile within the community and support local projects and charities.

AUDITORS

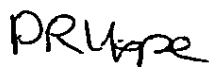
Each of the persons who is a director of the company at the date of approval of this Annual Report confirms

- 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/she ought to have taken as a director to make himself / herself 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors on 21 June 2010 and signed on behalf of the Board



P R Hope

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTRUM (UK) LIMITED

We have audited the financial statements of Astrum (UK) Limited for the year ended 2 April 2010 which comprise of the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 April 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 Managing Director's Report and 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.



Paul Feechan (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne, UK

21 June 2010

PROFIT AND LOSS ACCOUNT
Year ended 2 April 2010

	Note	2010 £	2009 £ As restated (note1)
TURNOVER	2	28,898,695	38,468,304
Cost of sales	1	(20,943,952)	(28,848,097)
Gross profit		<u>7,954,743</u>	<u>9,620,207</u>
Distribution costs	1	(994,032)	(935,906)
Administrative expenses		(4,953,858)	(6,105,032)
OPERATING PROFIT		<u>2,006,853</u>	<u>2,579,269</u>
Interest payable and similar charges	4	(2,774)	(11,283)
Interest receivable and similar income	5	2,712	22,958
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>2,006,791</u>	<u>2,590,944</u>
Tax credit/(charge) on profit on ordinary activities	7	187,716	(21,989)
PROFIT FOR THE FINANCIAL YEAR	16	<u><u>2,194,507</u></u>	<u><u>2,568,955</u></u>

There are no recognised gains and losses other than the profit for the current financial year and the prior financial year as stated above and therefore no separate statement of total recognised gains and losses is presented

All activities derive from continuing operations


ASTRUM (UK) LIMITED

BALANCE SHEET 2 April 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Intangible assets	8	2,105,000	2,230,000
Tangible assets	9	3,018,383	2,929,851
Investments	10	100,000	100,000
		<u>5,223,383</u>	<u>5,259,851</u>
CURRENT ASSETS			
Stocks	11	3,255,065	2,579,986
Debtors	12	4,647,283	5,855,631
Cash at bank and in hand		4,529,055	2,651,800
		<u>12,431,403</u>	<u>11,087,417</u>
CREDITORS. amounts falling due within one year	13	<u>(7,219,415)</u>	<u>(8,094,404)</u>
NET CURRENT ASSETS		<u>5,211,988</u>	<u>2,993,013</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,435,371	8,252,864
CREDITORS: amounts falling due after more than one year	13	(275,000)	(26,000)
PROVISION FOR LIABILITIES AND CHARGES	14	-	(261,000)
NET ASSETS		<u>10,160,371</u>	<u>7,965,864</u>
CAPITAL AND RESERVES			
Called up share capital	15	461,308	461,308
Share premium account		48,300	48,300
Profit and loss account	16	9,650,763	7,456,256
TOTAL SHAREHOLDERS' FUNDS		<u>10,160,371</u>	<u>7,965,864</u>

The financial statements on pages 8 to 19 of Astrum (UK) Limited, registered number 359586, were approved by the board of directors and authorised for issue on 21 June 2010

Signed on behalf of the board of directors



P R Hope
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Year ended 2 April 2010

	2010 £	2009 £
Profit for the financial year	<u>2,194,507</u>	<u>2,568,955</u>
Net addition to shareholders' funds	2,194,507	2,568,955
Opening shareholders' funds	<u>7,965,864</u>	<u>5,396,909</u>
Closing shareholders' funds	<u><u>10,160,371</u></u>	<u><u>7,965,864</u></u>

NOTES TO THE ACCOUNTS
Year ended 2 April 2010

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. All accounting policies have been applied consistently with the exception of the change in presentation described below.

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules.

As 100% of the voting rights are controlled within the Group headed by Astrum Holdings Limited, the Company has taken advantage of an exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Astrum Holdings Limited can be obtained from the address given in note 20.

Under FRS 1 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within the Directors' Report. The directors remain confident about the long term prospects of the business, reflecting its well-established position in specialised markets.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The terms of these borrowing facilities have recently been renegotiated as described in the financial statements of the company's parent Astrum Holdings Limited.

The directors, having assessed the responses of the directors of Astrum Holdings Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Astrum group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Astrum Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Change in presentation

During the year the directors reassessed the presentation of certain types of expenses within the profit and loss account and, whilst acknowledging that there are no prescriptive statutory definitions of the types of income or expense which should be included under each statutory format heading, determined that it would be more appropriate to present certain costs incurred, particularly those related to marketing and selling, as distribution costs. The effect of this change upon the total amount of distribution costs in the current year is an increase of £575,368. The equivalent amount for the prior year was £384,928 and the profit and loss account for the year ended 3 April 2009 has been restated accordingly, thereby reducing cost of sales and increasing gross profit by the same amount. No other comparatives are affected by this change in accounting policy.

NOTES TO THE ACCOUNTS

Year ended 2 April 2010

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost and those acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably

Intangible assets purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives of 20 years, which is considered by management to be a fair reflection of the useful economic life of the underlying assets acquired

Tangible fixed assets and depreciation

Tangible fixed assets are fully depreciated, on cost less residual value, on a straight line basis (except for motor vehicles which are on a reducing balance basis), over their estimated useful lives as follows

Plant and equipment	-	10%
Fixtures and fittings	-	20%
Motor vehicles	-	33 3%
Buildings	-	5%

Investments

Investments are stated at cost less amounts written off

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Government grants

Government grants in respect of capital expenditure are recognised over the expected useful economic lives of the related assets. Any amounts not recognised immediately in the profit and loss account are included in the balance sheet as deferred income

Post retirement benefits

The Company participates in an active defined contribution group personal pension plan. The amount charged to the profit and loss account represents the contributions payable to the plan in respect of the accounting period

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Research and development expenditure

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

Stocks

Stocks are stated at the lower of cost and net realisable value using the first in/first out method. Cost comprises the direct costs of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution

NOTES TO THE ACCOUNTS

Year ended 2 April 2010

1. ACCOUNTING POLICIES (continued)

Taxation

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

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover from the sale of goods is typically recognised when the goods are physically delivered to the customer, or in the case of Bill & Hold agreements, when the goods are available for collection

2. TURNOVER

During the year, the company engaged in only one class of business activity. Turnover arising during the year, analysed by destination, was as follows

	2010 £	2009 £
United Kingdom	22,275,155	30,128,601
Continental Europe	2,208,906	3,248,178
Rest of World	4,414,634	5,091,525
	<u>28,898,695</u>	<u>38,468,304</u>

NOTES TO THE ACCOUNTS
Year ended 2 April 2010

3. STAFF COSTS

	2010 £	2009 £
Wages and salaries	6,401,586	7,972,241
Social security costs	682,814	823,265
Other pension costs (note 19)	85,647	90,272
	<u>7,170,047</u>	<u>8,885,778</u>

Average number of persons employed by the company (including directors) during the year

	2010 Number	2009 Number
Manual Staff	186	240
Senior management	46	46
Directors	8	7
	<u>6</u>	<u>6</u>
	<u>246</u>	<u>299</u>

	£	£
Directors' emoluments	673,091	512,000
Company contributions to money purchase pension schemes	31,188	24,608

The emoluments of the highest paid director were £166,720 (year ended 3 April 2009 £172,000), and Company pension contributions of £9,800 (year ended 3 April 2009 £9,800) were made to a personal money purchase scheme on his behalf. Retirement benefits were accrued under personal pension schemes for 6 directors during the year (year ended 3 April 2009 6 directors).

The company's directors are also executives of the holding company, Astrum Holdings Limited. The directors do not consider that it is practical to allocate remuneration between their services as executives of this company and their services as directors of Astrum Holdings Limited and therefore 100% of directors' remuneration is charged to Astrum (UK) Limited.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Interest payable on overdrafts	<u>2,774</u>	<u>11,283</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Interest received on cash deposits	<u>2,712</u>	<u>22,958</u>

NOTES TO THE ACCOUNTS

Year ended 2 April 2010

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2010 £	2009 £
Auditors' remuneration		
Audit of these financial statements	26,000	30,000
Other services relating to taxation	2,000	10,140
Depreciation	490,742	488,213
Amortisation of intangible assets	125,000	125,000
Restructuring cost	-	261,000
Research and development	461,534	355,627
Operating lease rentals		
Plant and machinery	133,283	156,849
Others	113,572	103,041
Grant amortisation	(26,000)	(26,000)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
Current tax (credit)/charge on income for the year	(2,664)	2,664
Total current tax charge	(2,664)	2,664
Deferred tax		
Current year (credit)/charge	(108,706)	25,225
Adjustments relating to prior year	(76,346)	(5,900)
Total deferred tax (credit)/charge	(185,052)	19,325
Tax (credit)/charge on profit on ordinary activities	(187,716)	21,989

The differences between the total current tax (credit)/charge shown above and the tax charge calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2010 £	2009 £
Profit on ordinary activities before taxation	2,006,791	2,590,944
Current tax charge at 28% (2009 28%)	561,901	725,465
Effects of		
Income not chargeable for tax purposes	(101,439)	(34,773)
Other short-term timing differences	(32,645)	(154,997)
Group relief not paid for	(1,419,780)	(1,785,936)
Capital allowances less than depreciation	41,350	129,771
Expenses not deductible for tax purposes	850,613	1,120,470
Adjustments in respect of prior periods	(2,664)	2,664
Total current tax (credit)/charge	(2,664)	2,664

NOTES TO THE ACCOUNTS
Year ended 2 April 2010

8. INTANGIBLE FIXED ASSETS

	Customer relationships £
Cost	
At 4 April 2009 and 2 April 2010	2,480,000
Amortisation	
At 4 April 2009	250,000
Charged in the year	125,000
At 2 April 2010	375,000
Net book value	
At 2 April 2010	2,105,000
At 4 April 2009	2,230,000

Intangible fixed assets represent the exclusive right to supply a range of greensands products (moulds) to an established customer base. Intangible assets are written off over 20 years, which is considered by management to be a fair reflection of the useful economic life of the underlying assets acquired.

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, equipment and motor vehicles £	Total £
Cost			
At 4 April 2009	2,148,053	8,705,864	10,853,917
Additions	-	579,274	579,274
Disposals	-	(90,334)	(90,334)
At 2 April 2010	2,148,053	9,194,804	11,342,857
Depreciation			
At 4 April 2009	704,132	7,219,934	7,924,066
Charged in the year	51,003	439,739	490,742
Disposals	-	(90,334)	(90,334)
At 2 April 2010	755,135	7,569,339	8,324,474
Net book value			
At 2 April 2010	1,392,918	1,625,465	3,018,383
At 4 April 2009	1,443,921	1,485,930	2,929,851

NOTES TO THE ACCOUNTS

Year ended 2 April 2010

10 INVESTMENTS

	Shares in subsidiary company £
Cost	
As at 4 April 2009 and 2 April 2010	100,000
Provisions	
As at 4 April 2009 and 2 April 2010	-
Net book value	
As at 4 April 2009 and 2 April 2010	<u>100,000</u>

The company owns 100% of the issued share capital of Astrum (International) Limited, a dormant company incorporated in the UK

11. STOCKS

	2010 £	2009 £
Raw materials and consumables	1,649,728	1,394,895
Work in progress	1,379,385	1,082,209
Finished goods	225,952	102,882
	<u>3,255,065</u>	<u>2,579,986</u>

In the opinion of the directors, there is no material difference between the replacement cost of stocks and their carrying value

12. DEBTORS

	2010 £	2009 £
Trade debtors	4,243,192	5,655,341
Prepayments and accrued income	149,360	130,611
Deferred tax	254,731	69,679
	<u>4,647,283</u>	<u>5,855,631</u>
All amounts are due within one year		
Deferred tax movements were as follows		
Asset at beginning of year	69,679	89,004
Credit/(charge) for the year (note 7)	185,052	(19,325)
At end of year	<u>254,731</u>	<u>69,679</u>
The elements of deferred taxation are as follows		
Difference between accumulated depreciation, amortisation and capital allowances	175,055	27,516
Other timing differences	79,676	42,163
	<u>254,731</u>	<u>69,679</u>

NOTES TO THE ACCOUNTS
Year ended 2 April 2010

13. CREDITORS

	2010 £	2009 £
Amounts falling due within one year		
Trade creditors	4,476,609	4,207,358
Carbon Trust Loan (unsecured)	90,000	-
Amounts owed to group undertakings	1,662,951	2,234,406
Other taxation and social security	370,941	906,145
Accruals and deferred income	618,914	743,831
Corporation tax	-	2,664
	<u>7,219,415</u>	<u>8,094,404</u>
Amounts falling due after more than one year		
Deferred government grants income	5,000	26,000
Carbon Trust Loan (unsecured)	270,000	-
	<u>275,000</u>	<u>26,000</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2009 Restructuring provision £
At 4 April 2009	261,000
Utilised in the year	<u>261,000</u>
At 2 April 2010	<u>-</u>

The restructuring provision represented the directors' best estimate of incremental costs to be incurred as a direct result of implementing a restructuring plan that was announced in February 2009. The provision was fully utilised in the year.

15. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted and fully paid		
Ordinary shares of £1 each	<u>461,308</u>	<u>461,308</u>

NOTES TO THE ACCOUNTS
Year ended 2 April 2010

16. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 4 April 2009	7,456,256
Profit for the financial year	2,194,507
	<hr/>
At 2 April 2010	9,650,763
	<hr/> <hr/>

17. COMMITMENTS

(a) Annual commitments under non-cancellable operating leases are as follows

	2010 £ Other	2009 £ Other
Operating leases which expire		
Within one year	23,411	12,373
Within two to five years	117,078	168,773
	<hr/>	<hr/>
	140,489	181,146
	<hr/> <hr/>	<hr/> <hr/>

(b) There were no contracted capital commitments at the year end

18. CONTINGENT LIABILITY

The company is party to a group cross guarantee in respect of the group's bank borrowings. The aggregate unprovided potential liability of the company at the balance sheet date in respect of this guarantee is £30,890,663 (2009 £54,079,000). The group's borrowings are secured on all group assets.

Contingent liabilities relating to guarantees, performance bonds and other items of a normal trading nature amounted to £260,428 (2009 £89,059).

19. PENSION COMMITMENTS

The company makes defined contributions to a group personal pension plan. The pension cost charged for the year represents contributions payable by the company and amounted to £ 85,647 (2009 £90,272).

20. PARENT COMPANY AND CONTROLLING PARTY

The parent company, and the parent company of the only group in which the results of the company are consolidated, is Astrum Holdings Limited. The consolidated financial statements of Astrum Holdings Limited are available to the public and may be obtained from Bond Isle Way, Stanhope, County, Durham, DL13 2YR.

As at 2 April 2010 the Board of Directors of Astrum Holdings Limited held 60% of its issued share capital and 80.01% of its total voting rights. In the opinion of the Board of Directors no single controlling party exists.