

**Company Registration No. 2345696**

**ROMAX TECHNOLOGY LTD**

**Annual Report and  
Consolidated Financial Statements  
31 March 2010**

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# **ROMAX TECHNOLOGY LTD**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **ROMAX TECHNOLOGY LTD**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 31 March 2010

### **Principal activities**

The principal activity of the group is the sale of software and consultancy, specifically in power transmission and rotor dynamics, on both a national and international basis

The subsidiary and associated undertakings principally affecting the profits or net assets of the group in the year are listed in note 11 to the financial statements

### **Business review**

The last 12 months has continued to see the growth of the wind energy sector, with interest from customers in Asia Europe and the USA. A new wind technical centre has been established in Colorado USA in response to growing USA interest

The automotive business has remained strong despite the tough times experienced by the industry. Romax was particularly pleased to help Changan, one of China's leading car makers, set up its first UK R&D Centre

A new release of RomaxDesigner, the company's leading software, was well received by customers during the year. Geographically China was the largest customer territory in value

The key financial measures which the company monitors are revenue, project margin and cash flow. The main non financial measure that the company monitors is headcount, which increased both in the UK and overseas from 110 at the end of March 2009 to 159 at the end of March 2010

The group finished the year with a number of wind projects in progress and a number of automotive prospects. The group is also continuing to invest in potentially new business streams in both the wind and automotive sectors

### **Going Concern**

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the accounting policies on page 10 of the financial statements

### **Key Performance Indicators**

The Directors monitor a number of financial key performance indicators to the company including revenue growth, operating profit and cash generated from operations. The directors also monitor non financial key performance indicators including customer satisfaction levels

### **Financial risk management**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The company does not use derivative financial instruments

### **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates

Foreign exchange forward contracts are not used to hedge these risks and exchange rate risk is reviewed on a contract basis

# **ROMAX TECHNOLOGY LTD**

## **DIRECTORS' REPORT (continued)**

### ***Credit risk***

The company's principal financial assets are bank balances and cash, trade and other receivables

The principal credit risk is in respect of its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long and short term finance which is made available from finance companies and its bankers. The company uses a bank overdraft which was renewed in January 2010, the directors are in discussions to increase this facility to match the expansion plans of the business going forward.

### **Dividends**

The directors recommend that no dividend be paid on the ordinary shares (2009 £160,000)

### **Directors**

The directors, who served throughout the year and subsequently, were as follows

Dr S Y Poon

Mr Y Park

Company Secretary Mr A Poon

### **Directors indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Supplier payment policy**

The group's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment. Trade creditors of the group at 31 March 2010 were equivalent to 25 (2009 9) days' purchases, based on the average daily amount invoiced by suppliers during the year.

### **Disabled employees**

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

### **Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal meetings, the company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

## ROMAX TECHNOLOGY LTD

### DIRECTORS' REPORT (continued)

#### AUDITORS

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

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

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



Dr S Y Poon  
Director

Romax Technology Ltd  
Rutherford House  
Nottingham Science Park  
Nottingham  
NG7 2PZ

15 October 2010

## **ROMAX TECHNOLOGY LTD**

### **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 group 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROMAX TECHNOLOGY LTD**

We have audited the financial statements of Romax Technology Ltd for the year ended 31 March 2010 which comprises the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 25. 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 group'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 group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

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

### **Opinion on other matters 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Mark Doleman FCA, (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Nottingham, UK

18 October 2010

# ROMAX TECHNOLOGY LTD

## CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	2	10,424	8,281
Cost of sales		(3 346)	(2,930)
<b>GROSS PROFIT</b>		7,078	5,351
Other operating expenses		(6,061)	(4,560)
<b>OPERATING PROFIT</b>		1,017	791
Finance charges	3	(14)	(21)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	1,003	770
Tax on profit on ordinary activities	7	(419)	(384)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, BEING PROFIT FOR THE YEAR</b>	18	584	386

All the above results derive from continuing activities

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 March 2010

	2010 £'000	2009 £'000
<b>PROFIT FOR THE YEAR</b>	584	386
Currency translation difference on foreign subsidiaries	(35)	39
	549	425



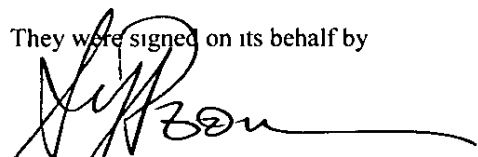
# ROMAX TECHNOLOGY LTD

## CONSOLIDATED BALANCE SHEET Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	<u>633</u>	<u>440</u>
<b>CURRENT ASSETS</b>			
Stocks	12	556	335
Debtors	13	3,264	2,127
Cash at bank and in hand		<u>1,446</u>	<u>1,029</u>
		5,266	3,491
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(3,393)</u>	<u>(2,733)</u>
<b>NET CURRENT ASSETS</b>		<u>1,873</u>	<u>758</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,506	1,198
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	(768)	(30)
<b>PROVISION FOR LIABILITIES</b>	16	<u>(21)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>1,717</u>	<u>1,168</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	80	80
Profit and loss account	18	<u>1,637</u>	<u>1,088</u>
<b>Shareholders' funds</b>	19 -	<u>1,717</u>	<u>1,168</u>

The financial statements of Romax Technology Ltd (registered number 2345696) were approved by the board of directors and authorised for issue on 15 October 2010.

They were signed on its behalf by



DR S Y POON

Director

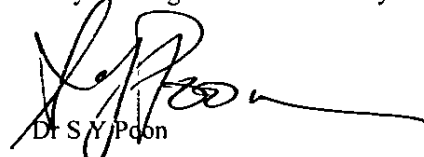
# ROMAX TECHNOLOGY LTD

## COMPANY BALANCE SHEET Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	397	357
Investments	11	205	205
		<u>602</u>	<u>562</u>
<b>CURRENT ASSETS</b>			
Stocks	12	556	335
Debtors	13	2,583	1,760
Cash at bank and in hand		988	859
		<u>4,127</u>	<u>2,954</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(2,955)</u>	<u>(2,495)</u>
<b>NET CURRENT ASSETS</b>		<u>1,172</u>	<u>459</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,774</u>	<u>1,021</u>
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	<u>(768)</u>	<u>(30)</u>
<b>NET ASSETS</b>		<u>1,006</u>	<u>991</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	80	80
Profit and loss account	18	926	911
<b>SHAREHOLDERS' FUNDS</b>		<u>1,006</u>	<u>991</u>

The financial statements of Romax Technology Ltd (registered number 2345696) were approved by the board of directors and authorised for issue on 15 October 2010

They were signed on its behalf by

  
Dr S Y Poon  
Director

# ROMAX TECHNOLOGY LTD

## CONSOLIDATED CASH FLOW STATEMENT Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>	20	755	1,253
Returns on investments and servicing of finance	21	(14)	(21)
Taxation	21	(593)	(386)
Capital expenditure and financial investment	21	(432)	(313)
Acquisition and disposals	21	-	668
Equity dividends paid		-	(160)
<b>Cash outflow before management of liquid resources and financing</b>		(1,039)	(212)
Financing	21	701	(72)
<b>Increase in cash in the year</b>	22	417	969

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2010**

**1 ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of the policy for consolidation exemption of the group.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

**Basis of accounting**

The group financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

**Going concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The directors' report on pages 1 to 3 describes the financial position of the group, its cash flows, liquidity position and borrowing facilities, the group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

The group meets its day to day working capital requirements through an overdraft facility. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products, (b) the exchange rate between sterling and Chinese Yuan and thus the consequence for the value of the Group's amounts recovered on contracts, and (c) the availability of bank finance in the foreseeable future.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. The group will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

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

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

- Leasehold land and buildings – 20 years straight line
- Computer Equipment – decreasing balance 35% or straight line 2 years
- Motor Vehicles – straight line over 5 years
- Leasehold Improvements – straight line over 5 years
- Office Equipment – decreasing balance 20%

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2010**

**1 ACCOUNTING POLICIES (Continued)**

**Investments**

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

**Long-term contracts**

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as deferred income. 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.

**Taxation**

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

Deferred tax is 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 Group'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.

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.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

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.

**Turnover**

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

**Pension costs**

For defined contribution schemes 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 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 (continued)**

**Year ended 31 March 2010**

**1. ACCOUNTING POLICIES (Continued)**

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are included within the translation reserve. All other exchange differences are included in the profit and loss account.

**Leases**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**Finance costs**

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**2 SEGMENT INFORMATION**

Turnover by division is analysed below

	<b>Wind</b>		<b>Transport</b>		<b>Group</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>						
Total sales	6,408	3,473	5,952	6,497	12,360	9,970
Inter-segment sales	(783)	(322)	(1,153)	(1,367)	(1,936)	(1,689)
Sales to third parties	5,625	3,151	4,799	5,130	10,424	8,281
Segment gross profit	3,153	1,557	3,925	3,794	7,078	5,351
Operating profit	496	22	521	769		
Finance charges (net)					(14)	(21)
<b>Profit on ordinary activities before taxation</b>					1,003	770
Segment net assets	722	321	374	629		
Unallocated net assets					621	218
<b>Net assets</b>					1,717	1 168

Unallocated net assets are attributable to the corporate head office in the UK and are held within Romax Technology Ltd the UK statutory entity

# ROMAX TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2010

### 2 SEGMENT INFORMATION (continued)

Turnover by geographical segments is analysed below

	<i>United Kingdom</i>		<i>Asia</i>		<i>Rest of World</i>		<i>Group</i>	
	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Turnover by destination</b>								
Sales to third parties	592	184	7,951	5,906	1,881	2,191	10,424	8,281
<b>Turnover by origin</b>								
Total sales							12,360	9,970
Inter-segment sales							(1,936)	(1,689)
Sales to third parties	592	184	7,951	5,906	1,881	2,191	10,424	8,281
<b>Segment (loss)/profit</b>	(403)	(238)	1,077	788	343	241		
Finance charges (net)							(14)	(21)
<b>Profit on ordinary activities before taxation</b>							1,003	770
<b>Segment net assets</b>	263	31	1,159	830	295	307		
<b>Net assets</b>							1,717	1,168



# ROMAX TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2010

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Bank loans and overdrafts	3	1
Finance leases and hire purchase contracts	9	20
Other loans	2	-
	<u>14</u>	<u>21</u>

### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets		
owned	223	207
held under finance leases and hire purchase contracts	13	18
Profit on sale of tangible fixed assets	(3)	(25)
Government grants	482	117
Operating lease rentals		
land & buildings	194	121
other	29	26
	<u>194</u>	<u>121</u>

The analysis of auditors' remuneration is as follows

Fees payable to the Company's auditors for the audit of the Company's annual accounts

	13	8
Non-audit fees – tax services	-	5

# ROMAX TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2010

### 5. STAFF COSTS

The average monthly number of employees (including executive directors) was

	2010 Number	2009 Number
Technical	98	63
Sales	19	17
Administration	25	11
	<u>142</u>	<u>91</u>

Their aggregate remuneration comprised

	£'000	£'000
Wages and salaries	4,744	3 283
Social security costs	481	297
Other pension costs	198	159
	<u>5,423</u>	<u>3,739</u>

### 6 DIRECTOR'S REMUNERATION AND TRANSACTIONS

	2010 £'000	2009 £'000
<b>Directors' remuneration</b>		
Emoluments	<u>222</u>	<u>218</u>
	<u>222</u>	<u>218</u>

The directors did not participate in a money purchase scheme

<b>Remuneration of the highest paid director</b>		
Emoluments	<u>114</u>	<u>112</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge comprises

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax	(111)	-
Adjustments in respect of prior years	(63)	-
	<u>572</u>	<u>384</u>
<b>Foreign tax</b>		
	<u>398</u>	<u>384</u>
<b>Total current tax</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	21	-
	<u>419</u>	<u>384</u>
<b>Total tax on profit on ordinary activities</b>		

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before tax</b>	<u>1,003</u>	<u>770</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	281	216
<b>Effects of</b>		
Expenses not deductible for tax purposes	(264)	(469)
Capital allowances in excess of depreciation	(26)	39
Utilisation of tax losses	61	-
R&D expenditure deduction and WHT deduction	(246)	-
Losses surrendered for R&D purposes	223	-
Adjustments in respect of prior years	(63)	-
Differences in tax rates	175	473
Taxation paid on overseas earnings	533	125
Withholding tax expensed	(149)	-
Other timing differences	5	-
R&D credit	(111)	-
	<u>419</u>	<u>384</u>
<b>Group current tax charge for period</b>		

**Factors that may affect future, current and total tax charges**

The Emergency Budget 2010 introduced a reduction in the rate of corporation tax from 28% to 27% from 1 April 2011. This legislation was substantively enacted on 21 July 2010. This rate will be used as the effective tax rate for the Company for the period commencing 1 April 2011.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Year ended 31 March 2010**

**8. PROFIT ATTRIBUTABLE TO THE COMPANY**

The profit for the financial year dealt with in the financial statements of the parent Company was £15k (2009 £213k) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company

**9 DIVIDENDS ON EQUITY SHARES**

	2010 £'000	2009 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 March 2010 of £nil (2009 £2)	-	160

**10. TANGIBLE FIXED ASSETS**

Group	Leasehold land & buildings £'000	Motor Vehicles £'000	Computer Equipment £'000	Office Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost or valuation						
At 1 April 2009	-	21	601	226	236	1,084
Additions	105	21	212	59	35	432
Disposals	-	(3)	(4)	-	-	(7)
Exchange adjustment	-	-	2	5	-	7
At 31 March 2010	105	39	811	290	271	1 516
Depreciation						
At 1 April 2009	-	13	341	114	176	644
Charge for the year	4	6	161	13	52	236
Disposals	-	-	(3)	-	-	(3)
Exchange adjustment	-	-	3	3	-	6
At 31 March 2010	4	19	502	130	228	883
Net book value						
At 31 March 2010	101	20	309	160	43	633
At 31 March 2009	-	8	260	112	60	440

The net value of assets includes £36k (2009 £49k) in respect of assets held under finance lease and similar hire purchase contracts. The amount of depreciation in respect of such assets amounted to £13k for the year (2009 £18k)

# ROMAX TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2010

### 10. TANGIBLE FIXED ASSETS (CONTINUED)

Company	Leasehold land & buildings £'000	Vehicles £'000	Computer Equipment £'000	Office Equipment £'000	Leasehold improvements £'000	Total £'000
Cost or valuation						
At 1 April 2009	-	21	535	127	236	919
Additions	105	21	68	27	10	231
Disposals	-	(3)	(2)	-	-	(5)
At 31 March 2010	105	39	601	154	246	1,145
<b>Depreciation</b>						
At 1 April 2009	-	13	305	68	176	562
Charge for the year	4	6	119	12	47	188
Disposals	-	-	(2)	-	-	(2)
At 31 March 2010	4	19	422	80	223	748
<b>Net book value</b>						
At 31 March 2010	101	20	179	74	23	397
At 31 March 2009	-	8	230	59	60	357

The net value of assets includes £36k (2009 £49k) in respect of assets held under finance lease and similar hire purchase contracts. The amount of depreciation in respect of such assets amounted to £13k for the year (2009 £18k).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**11. FIXED ASSET INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Subsidiary undertakings	-	-	205	205

**Principal Group investments**

The parent Company and the Group have investments in the following subsidiary undertakings, associates and other investments which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

	<b>Country of incorporation or principal business address</b>	<b>Principal activity</b>	<b>Holding</b>	<b>%</b>
<b>Subsidiary undertakings</b>				
Romax Technology Japan Ltd	Japan	Transmission Software, Sales & Consultancy	Ordinary Shares	100
Romax Technology Korea Co Ltd	Korea	Transmission Software, Sales & Consultancy	Ordinary Shares	100
Romax Solutions Pvt Ltd	India	Transmission Software, Sales & Consultancy	Ordinary Shares	100
Romax Technology Inc	USA	Transmission Software, Sales & Consultancy	Ordinary Shares	100
Romax Technology (Hangzhou) Ltd	China	Transmission Software, Sales & Consultancy	Ordinary Shares	100
<b>Subsidiary undertakings</b>				<b>£'000</b>
<b>Cost and net book value</b>				
At 1 April 2009 and 31 March 2010				205

All subsidiary undertakings have been included in the consolidation.

**12. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Government grant related long term contract balances	272	116	272	116
Long-term contract balances	1,005	806	1,005	806
Less applicable payments on account	(721)	(587)	(721)	(587)
	<u>556</u>	<u>335</u>	<u>556</u>	<u>335</u>

# ROMAX TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2010

### 13 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,466	918	622	407
Amounts recoverable on government grants	33	-	33	-
Amounts recoverable on contracts	1,087	831	1,087	831
Amounts owed by Group undertakings	-	-	563	253
Prepayments and other debtors	504	378	278	269
Corporation tax	174	-	-	-
	<u>3,264</u>	<u>2,127</u>	<u>2,583</u>	<u>1,760</u>

### 14 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	4	-	4	-
Obligations under finance leases and hire purchase contracts	20	60	20	60
Trade creditors	234	154	198	120
Amounts owed to Group undertakings	-	-	295	277
Other taxation and social security	143	100	143	100
Accruals and deferred income	2,992	2,419	2,295	1,938
	<u>3,393</u>	<u>2,733</u>	<u>2,955</u>	<u>2,495</u>

### 15. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
<b>Other creditors</b>				
Bank loans	68	-	68	-
Obligations under finance leases and hire purchase contracts	-	30	-	30
Other loans	700	-	700	-
	<u>768</u>	<u>30</u>	<u>768</u>	<u>30</u>

The bank loans are secured on lease properties of Romax Technology Ltd undertakings

The group and company's main loans are an unsecured Enterprise Grant funding loan and a fixed term secured loan

- Enterprise Grant Funding loan of £1m (2009 £nil) At the 31st March 2010 £700k had been drawn down The loan does not carry an interest charge Repayment will be made in full by November 2012
- Secured fixed term loan of £71,400 (£nil) The secured loan carries a 3.8% + HSBC base rate interest charge and full repayment will be made by May 2029

# ROMAX TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2010

### 15 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Borrowings are repayable as follows

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Bank loans</b>				
Between one and two years	8	-	8	-
Between two and five years	716	-	716	-
After five years	48	-	48	-
	<u>772</u>	<u>-</u>	<u>772</u>	<u>-</u>
<b>Finance leases</b>				
Between one and two years	-	30	-	30
	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>
<b>Total borrowings including finance leases</b>				
Between one and two years	4	30	4	30
Between two and five years	716	-	716	-
After five years	48	-	48	-
	<u>768</u>	<u>30</u>	<u>768</u>	<u>30</u>

### 16. PROVISIONS FOR LIABILITIES

#### Deferred tax

Deferred tax is provided as follows

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
Accelerated capital allowances	<u>21</u>	<u>-</u>

### 17 CALLED-UP SHARE CAPITAL

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called-up and fully-paid</b>		
80,002 ordinary shares of £1 each	<u>80</u>	<u>80</u>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**18. RESERVES**

	<b>Profit and loss account £'000</b>
<b>Group</b>	
At 1 April 2009	1,088
Profit for the financial year	584
Other recognised gains and losses	(35)
	<u>1,637</u>
At 31 March 2010	<u>1,637</u>
<b>Company</b>	
At 1 April 2009	911
Profit for the financial year	15
	<u>926</u>
At 31 March 2010	<u>926</u>

**19. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Profit for the financial year	584	386
Other recognised gains and losses	(35)	39
	<u>549</u>	<u>425</u>
Dividends paid on equity shares	-	(160)
	<u>549</u>	<u>265</u>
<b>Net addition to shareholders' funds</b>	<u>549</u>	<u>265</u>
Opening shareholders' funds	1,168	903
<b>Closing shareholders' funds</b>	<u>1,717</u>	<u>1,168</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**20 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit	1 017	791
Depreciation and amortisation	236	207
Profit on sale of tangible fixed assets	(3)	(25)
Increase in stocks	(221)	(300)
Increase in debtors	(963)	(327)
Increase in creditors	689	907
<b>Net cash inflow from continuing operating activities</b>	<b>755</b>	<b>1,253</b>

**21. ANALYSIS OF CASH FLOWS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	14	21
<b>Taxation</b>		
Foreign tax paid	593	386
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	432	313
<b>Acquisitions and disposals</b>		
Sale of joint venture	-	668

The group includes term deposits, government securities and AA rated corporate bonds as liquid resources

<b>Financing</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
New secured loan	771	-
Capital element of finance lease rental payments	(70)	(72)
	<b>701</b>	<b>(72)</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**22 ANALYSIS AND RECONCILIATION OF NET DEBT**

	<b>1 April 2009 £'000</b>	<b>Cash flow £'000</b>	<b>31 March 2010 £'000</b>
Cash in hand, at bank	1,029	417	1,446
Finance leases	(90)	70	(20)
Enterprise Funding	-	(700)	(700)
Bank Loan	-	(72)	(72)
Net debt	<u>939</u>	<u>(285)</u>	<u>654</u>
		<b>2010 £'000</b>	<b>2009 £'000</b>
Increase in cash in the year		417	968
Cash inflow from increase in debt and lease financing		(772)	-
Change in net debt resulting from cash flows		<u>(355)</u>	<u>968</u>
Repayment of finance leases		70	72
Movement in net debt in year		(285)	1,040
Net debt as at 1 April		<u>939</u>	<u>(101)</u>
Net debt as at 31 March		<u>654</u>	<u>939</u>

**23 FINANCIAL COMMITMENTS**

Annual commitments under non-cancellable operating leases are as follows

	<b>Group</b>		<b>Company</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
Expiry date				
- within one year	-	-	-	-
- between two and five years	194	29	121	26
- after five years	-	-	-	-
	<u>194</u>	<u>29</u>	<u>121</u>	<u>26</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

**24. RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard 8 'Related Party Transactions', related party transactions with group mentors are not disclosed as 100% of the voting rights are controlled within the group

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2010**

**25. CONTROLLING PARTY**

Dr SY Poon, a director of the company is also the company's ultimate controlling party, directly holding 99 per cent of the issued share capital of the company