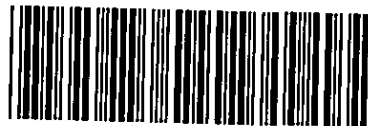


**PLASMA & THERMAL COATINGS
LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2009

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PLASMA & THERMAL COATINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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PLASMA & THERMAL COATINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Hallas
D Alty

SECRETARY

J R Grime

REGISTERED OFFICE

Springwood Court
Springwood Close
Tytherington Business Park
Macclesfield
Cheshire
SK10 2XF

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

PLASMA & THERMAL COATINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The comparative period covers the 17 month period ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

On 29th February 2008, 100% of the issued share capital of the company was acquired by Bodycote Metallurgical Coatings Limited, a subsidiary of Bodycote plc. On the 1st April 2008 the trade and assets of the company were sold to Bodycote Metallurgical Coatings Limited and subsequent to this the company has not traded. The accounts have therefore been prepared on a basis other than going concern. Further details are given in note 1 to the financial statements.

The directors do not anticipate that the company will recommence trading in the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year ended 31 December 2009, after taxation, was £nil (17 month period ended 31 December 2008 £4,497,869). During the year the directors declared and paid a dividend of 66.59 pence per ordinary share (17 month period ended 31 December 2008 nil pence per share) giving a total dividend of £5,194,522 (17 month period ended 31 December 2008 £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk of the company relates to the recoverability of its investment in NPE-Innotek Limited. The directors regularly monitor the financial position of the subsidiary and renew the net book value for impairment, as described more fully in note 1.

DIRECTORS

The directors who held office during the year and thereafter except as noted below were as follows:

M Hallas

D Alty

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/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 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.

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be reappointed as auditors for a further term under the provisions of section 489 of the Companies Act 2006.

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

J R Grime
Secretary

12 July 2010

PLASMA & THERMAL COATINGS LIMITED

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 estimates that are reasonable and prudent, 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 PLASMA & THERMAL COATINGS LIMITED

We have audited the financial statements of Plasma & Thermal Coatings Limited for the year ended 31 December 2009, which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds, the balance sheet and the related notes numbered 1 to 17. 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 31 December 2009,
- 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

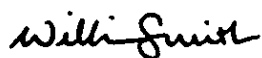
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLASMA & THERMAL COATINGS 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



William Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

12 July 2010

PLASMA & THERMAL COATINGS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2009

		Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
	Note		
TURNOVER	1	-	2,884,997
Cost of sales		-	(1,476,311)
GROSS PROFIT		-	1,408,686
Other operating expenses	2	-	(749,448)
Other operating income	3	-	5,983
OPERATING PROFIT		-	665,221
Profit on sale of discontinued operations	4	-	4,023,236
Finance income (net)	5	-	5,824
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	-	4,694,281
Tax on profit on ordinary activities	10	-	(196,412)
RETAINED PROFIT FOR THE PERIOD	14	-	4,497,869

The Company has no recognised gains or losses other than those included in the profit and loss account for both periods. Accordingly, no separate statement of total recognised gains and losses has been prepared.

All activity arises from discontinued operations following the transfer of the trade and assets of the company to Bodycote Metallurgical Coatings Limited.

PLASMA & THERMAL COATINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
Year ended 31 December 2009

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Profit for the financial year/period	-	4,497,869
Company purchase of own shares	-	(424,450)
Dividends paid	(5,194,522)	-
NET (REDUCTION IN)/ADDITION TO SHAREHOLDER'S FUNDS	(5,194,522)	4,073,419
Opening shareholder's funds	5,342,163	1,268,744
CLOSING SHAREHOLDER'S FUNDS	147,641	5,342,163

PLASMA & THERMAL COATINGS LIMITED

BALANCE SHEET At 31 December 2009

	Note	As at 31 December 2009 £	As at 31 December 2008 £
FIXED ASSETS			
Investments	11	147,641	147,641
CURRENT ASSETS			
Debtors	12	-	5,194,522
NET ASSETS		147,641	5,342,163
CAPITAL AND RESERVES			
Called up share capital	13	78,000	78,000
Capital redemption reserve	14	52,000	52,000
Profit and loss account	14	17,641	5,212,163
SHAREHOLDER'S FUNDS		147,641	5,342,163

The financial statements of Plasma and Thermal Coatings Limited (company registration number 3047279) were approved by the Board of Directors on 12 July 2010

Signed on behalf of the Board of Directors



M Hallas - Director

PLASMA & THERMAL COATINGS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2009**

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK law and accounting standards. On 1 April 2008, the company sold its trade and assets to Bodycote Metallurgical Coatings Limited and ceased to trade. As required by FRS 18 'Accounting Policies', the directors have prepared the financial statements on the basis that the company is no longer a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

Under FRS 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. The consolidated financial statements of Bodycote plc, within which this Company is consolidated, can be obtained from the address given in note 16.

Investments

Fixed asset investments are shown at cost less provision for impairment. The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Bodycote plc, which prepares consolidated financial statements that are publicly available.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

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

PLASMA & THERMAL COATINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Revenue is recognised when, in the opinion of the directors, the company has fulfilled its obligations under the terms of sale and title of the goods has been transferred to the buyer.

Turnover arises solely in the United Kingdom and is derived from the company's principal activity.

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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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. Deferred tax is measured on a non-discounted basis.

Pension costs

Until the date of transfer of all employees to Bodycote Metallurgical Coatings Limited, the company operated a defined contribution pension scheme. Contributions for the scheme are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. OTHER OPERATING EXPENSES

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Selling and distribution costs	-	74,135
Administrative expenses	-	675,313
	-	749,448

PLASMA & THERMAL COATINGS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2009**

3. OTHER OPERATING INCOME

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Grant income receivable	-	5,983

4. PROFIT ON SALE OF DISCONTINUED OPERATIONS

The profit on sale of discontinued operations in the prior period related to the sale of the trade and assets of the company to its immediate parent undertaking, Bodycote Metallurgical Coatings Limited, as described in the directors' report on page 1. The effect of this item, reported after operating profit, on the amount charged to profit and loss for taxation was £nil

5. FINANCE INCOME (NET)

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Bank interest receivable	-	10,024
Bank interest payable	-	(1,616)
Interest payable on finance leases and hire purchase contracts	-	(2,584)
	-	5,824

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Profit on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off tangible fixed assets		
- owned	-	61,052
- held under finance leases and hire purchase contracts	-	19,271
Operating lease rentals – plant and machinery	-	5,511
Impairment of investment in subsidiary undertaking	-	32,359

Auditors' remuneration in the period of £500 (2008 £500) was paid on behalf of the company by a fellow group undertaking. No fees were paid to the company's auditors in respect of non-audit services in either period.

7. REMUNERATION OF DIRECTORS

The directors of the company did not receive any remuneration for their services in the current year or the prior year as they are remunerated by the parent undertaking.

PLASMA & THERMAL COATINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2009

8. STAFF COSTS

Remuneration of employees (including directors) was as follows

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Employee costs during the year amounted to		
Wages and salaries	-	638,362
Social security costs	-	67,911
Other pension costs (see note 15)	-	126,059
	<u>-</u>	<u>832,332</u>

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

	Year ended 31 December 2009 No	17 month period ended 31 December 2008 No
Administration	-	5
Production and sales	-	29
	<u>-</u>	<u>34</u>

9. DIVIDENDS

During the year the directors declared and paid a dividend of 66.59 pence per ordinary share (17 month period ended 31 December 2008: nil pence per share) giving a total dividend of £5,194,522 (17 month period ended 31 December 2008: £nil)

10. TAXATION

The tax charge comprises

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
UK corporation tax		
Current tax on income for the year	-	204,276
Deferred tax		
Origination of timing differences	-	(7,864)
Tax on profit on ordinary activities	<u>-</u>	<u>196,412</u>

PLASMA & THERMAL COATINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2009

10. TAXATION (CONTINUED)

Factors affecting the tax charge

The current tax charge for the year is the lower than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below.

	Year ended 31 December 2009 £	17 month period ended 31 December 2008 £
Current tax reconciliation		
Profit on ordinary activities before tax	-	4,694,281
Current tax at 28% (2008: 28.5%)	-	1,337,870
Effects of:		
Income not taxable	-	(1,141,458)
Difference between capital allowances and depreciation	-	7,864
Total current tax charge	-	204,276

11. INVESTMENTS

Cost and net book value

At 1 January 2009 and 31 December 2009

£

147,641

Plasma and Thermal Coatings Limited owns 100% of the share capital of NPE-Innotek Limited, which is registered in the United Kingdom. NPE-Innotek Limited is a dormant company.

12. DEBTORS

	2009 £	2008 £
Amounts falling due within one year		
Amounts due from parent undertaking	-	5,194,522

13. CALLED-UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
150,000 ordinary shares of £1 each	150,000	150,000
Allotted, called-up and fully paid		
78,000 ordinary shares of £1 each	78,000	78,000

PLASMA & THERMAL COATINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2009

14. RESERVES

	Capital redemption reserve £	Profit and loss account £
Balance at 1 January 2009	52,000	5,212,163
Retained profit for the year/period	-	(5,194,522)
	<hr/>	<hr/>
Balance at 31 December 2009	52,000	17,641
	<hr/>	<hr/>

During the 17 month period ended 31 December 2008, the company purchased 13,000 of its own shares for cash consideration of £424,450

15. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Bodycote plc, the company has taken advantage of the exemption in FRS 8, 'Related Party Disclosures', from disclosing transactions with other wholly-owned members of the group headed by Bodycote plc

16. PENSION SCHEME

Until the date of transfer of all employees to Bodycote Metallurgical Coatings Limited, the company operated a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the company to the scheme and amounted to £nil (17 month period ended 31 December 2008 £126,059)

17. ULTIMATE PARENT COMPANY

The parent company is Bodycote Metallurgical Coatings Limited. The directors regard Bodycote plc, a company incorporated in England, as the ultimate controlling party.

Bodycote plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements may be obtained from The Secretary, Bodycote plc, Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire SK10 2AF.

Notes to the financial statements (continued)
For the period ended 31 December 2009

2 Finance income (net)

	Period from 1 April 2009 to 31 December 2009 €	Period from incorporation on 19 August 2008 to 31 March 2009 €
Intra-group interest payable	-	(3,039)
Bank interest (payable)/ receivable	(71)	67
Intra-group interest receivable	175,240	499,226
Other interest payable	-	(3,075)
	<u>175,169</u>	<u>493,179</u>

3 Investment Income

	Period from 1 April 2009 to 31 December 2009 €	Period from incorporation on 19 August 2008 to 31 March 2009 €
Income from fixed asset investments	<u>-</u>	<u>8,709</u>

4 Profit on ordinary activities before tax

The auditors' remuneration for audit work of €2,000 (prior period €2,000) was borne by a fellow group undertaking Fees paid to the Company's auditors, Deloitte LLP, for services other than the statutory audit are not disclosed in the financial statements of the company, as the financial statements of the company's parent, Bodycote plc, are required to disclose non-audit fees on a consolidated basis

The directors were the only employees of the company and they received no remuneration from the company during the period (period to 31 March 2009 nil)

Notes to the financial statements (continued)
For the period ended 31 December 2009

5 Tax on profit on ordinary activities

The tax charge comprises

	Period from 1 April 2009 to 31 December 2009 €	Period from incorporation on 19 August 2008 to 31 March 2009 €
Current taxation charge for the period	49,047	134,543
Adjustment in respect of prior periods	5,985	-
Total tax on profit on ordinary activities	55,032	134,543

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 28% (period ended 31 March 2009 28%) to the profit before tax is as follows

	Period from 1 April 2009 to 31 December 2009 €	Period from incorporation on 19 August 2008 to 31 March 2009 €
Profit on ordinary activities before tax	175,169	501,888
Tax on profit on ordinary activities at standard UK corporation tax rate	49,047	140,529
<i>Effects of</i>		
Adjustment in respect of prior periods	5,985	-
Income not taxable	-	(5,986)
Current tax charge for the period	55,032	134,543

6 Investments

Other investments

	31 December 2009 €	31 March 2009 €
Cost and net book value		
At 31 March 2009 and 31 December 2009	-	322,600

On 31 July 2009 the company sold its investment in Luxembourg Holdings SARL to Bodycote International Limited for €322,600. No profit or loss arose in connection with this transaction.

Notes to the financial statements (continued)
For the period ended 31 December 2009

7 Debtors

	31 December 2009	31 March 2009
	€	€
Amounts falling due within one year		
Amounts owed by group undertakings	<u>43,071</u>	<u>138,650</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>25,848,527</u>	<u>25,255,628</u>

8 Creditors: Amounts falling due within one year

	31 December 2009	31 March 2009
	€	€
UK Corporation tax	<u>189,575</u>	<u>134,543</u>

9 Called-up share capital

	31 December 2009	31 March 2009
<i>Authorised</i>		
30,000,000 ordinary shares of £1 each	<u>£30,000,000</u>	<u>£30,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
20,370,012 ordinary shares of £1 each	<u>€25,236,408</u>	<u>€25,236,408</u>

10 Reserves

	Profit and loss account €
At 1 April 2009	367,345
Retained profit for the period	<u>120,137</u>
At 31 December 2009	<u>487,482</u>

Notes to the financial statements (continued)

For the period ended 31 December 2009

11 Reconciliation of movement in shareholder's funds

	Period from 1 April 2009 to 31 December 2009 €	Period from incorporation on 19 August 2008 to 31 March 2009 €
Profit for the financial period	120,137	367,345
Shares issued in the period	-	25,236,408
Net increase in shareholder's funds	120,137	25,603,753
Opening shareholder's funds	25,603,753	-
Closing shareholder's funds	25,723,890	25,603,753

12 Related party transactions

In preparing the financial statements, the company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions between wholly-owned group undertakings

13 Ultimate controlling party

The directors regard Bodycote plc, a company incorporated in England and Wales, as the ultimate controlling party

Bodycote plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from The Secretary, Bodycote plc, Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF