

Petrotechnik Limited
Annual report and financial statements
for the year ended 31 March 2010

Registered number 2631843



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Petrotechnik Limited

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Petrotechnik Limited

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 activities of the Group comprise the sale of UPP polyethylene pipework and associated fittings and equipment for use in petrol filling stations and other fuel distribution centres together with the manufacture and sale of underground storage tanks and other vessels for use in the oil, chemical and process plant industries. There have not been any significant changes on the group's activities during the year.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 13 to the financial statements.

Business review

In what can only be described as a difficult trading year due to global economic conditions, Group sales increased by 6% when compared to the previous year. Sales growth was achieved through the introduction of new products, further development in the Asian markets, maximising synergistic sales and taking advantage of the weak pound enabling opportunistic tank sales in Europe. Margin at 30.8% was 1% up on last year, with mix and exchange rate movement being the major contributors.

Overheads at £6.8m, up 18.8% when compared with 2009, reflect the Group's continued investment in developing the worldwide infrastructure, investment in people and development of new products to underpin future sales.

Gearing during the year improved from 8.5% at 31 March 2009 to zero at the balance sheet date following an investment programme in the year which was more or less in line with depreciation. The current ratio moved from 1.46:1 at 31 March 2009 to 1.39 at 31 March 2010, mainly down to timing.

The Group has entered the new financial year with a strong balance sheet and a good order book and continues to expand and seek opportunities in the global markets within which it operates. The Group continues to focus on the development of new technologies and products to meet tomorrow's customer needs. With this in mind the Group is in the final development stage of a €1m project to ensure the business remains at the forefront of technology in the industries within which it operates.

Principal risks and uncertainties

Competitive pressure globally remains a continuing risk for the Group, which could result in it losing sales to important customers. The Group manages this risk by responding to customer requirements on a timely basis and through relationships with key customers to develop an operational environment and product range to suit their needs. At all times the company focuses on maintaining strong customer relationships.

The company carries out financial transactions in five major currencies, US dollars, Euros, Brazilian Real, Chinese Yuan and Sterling. A natural hedge exists in so far as the company both buys and sells in most currencies. To the extent that a surplus or deficit in any particular currency arises, a combination of forward and spot transactions will be used to manage the exposure.

During the year the average exchange rates of all currencies strengthened against sterling, resulting in a net exchange gain for the year.

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 statement of accounting policies in the financial statements.

Petrotechnik Limited

Directors' report

Dividends

The directors do not recommend a final dividend. The interim dividends of £5.10 per ordinary share paid on 4 December 2009 and £16.83 paid on 9 March 2010, make a total of £21.93 for the year (2009 £24.34)

Directors

The directors who served throughout the year were as follows

J Ageheim	A Golding
J A Boudry	G Lee
S DeWild	G Owens
M Duguid	A Ticci

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

Charitable and political contributions

During the year the Group made charitable donations of £2,408 (2009 £1,280), principally to local charities serving the communities in which the Group operates

Auditors

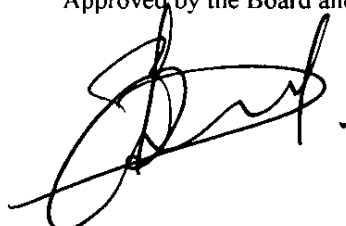
Each of the persons who is a director at the date of approval of this report confirms that

- 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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by



J A Boudry

Secretary

Tuesday, 29 June 2010

Petrotechnik House
Olympus Close
Whitehouse Industrial Estate
Ipswich
Suffolk IP1 5LN

Petrotechnik Limited

Independent auditors' report to the members of Petrotechnik Limited

We have audited the financial statements of Petrotechnik Limited for the year ended 31 March 2010 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 28. 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 group's and the parent 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 parent 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 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.

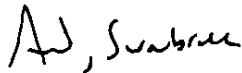
Petrotechnik Limited

Independent auditors' report to the members of Petrotechnik 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 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



Andrew Swarbrick BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, United Kingdom

29 July 2010

Petrotechnik Limited

Consolidated profit and loss account

For the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	25,198,334	23,771,981
Cost of sales		<u>(17,447,774)</u>	<u>(16,671,600)</u>
Gross Profit		7,750,560	7,100,381
Other operating expenses		<u>(6,828,277)</u>	<u>(5,747,835)</u>
Operating profit		922,283	1,352,546
Finance charges (net)	3	<u>(23,942)</u>	<u>(74,414)</u>
Profit on ordinary activities before taxation	4	898,341	1,278,132
Tax on profit on ordinary activities	7	<u>(457,312)</u>	<u>(409,876)</u>
Profit for the financial year	20	<u><u>441,029</u></u>	<u><u>868,256</u></u>

All amounts shown relate to continuing operations

The accompanying notes are an integral part of this profit and loss account

Petrotechnik Limited

Consolidated statement of total recognised gains and losses

For the year ended 31 March 2010

	2010 £	2009 £
Profit for the financial year	441,029	868,256
Currency translation difference on foreign currency net investments	105,117	(266,485)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>546,146</u>	<u>601,771</u>

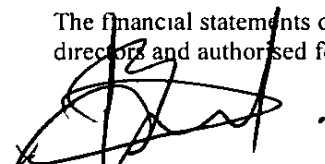
Petrotechnik Limited

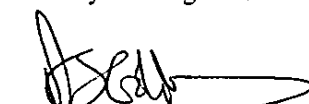
Consolidated balance sheet

As at 31 March 2010

	Note	2010 £	2009 £
Fixed assets			
Development costs, patents and trademarks	10	183,342	164,513
Negative goodwill	11	-	(2,755)
		<u>183,342</u>	<u>161,758</u>
Intangible assets			
Tangible assets	12	2,323,652	2,338,155
Investments	13	715	715
		<u>2,507,709</u>	<u>2,500,628</u>
Current assets			
Stocks	14	2,754,835	2,931,935
Debtors			
– due within one year	15	4,022,188	4,119,935
– due after one year	15	-	1,797
Cash at bank and in hand		<u>1,291,990</u>	<u>903,966</u>
		<u>8,069,013</u>	<u>7,957,633</u>
Creditors. Amounts falling due within one year	16	<u>(5,832,479)</u>	<u>(5,449,511)</u>
Net current assets		<u>2,236,534</u>	<u>2,508,122</u>
Total assets less current liabilities		<u>4,744,243</u>	<u>5,008,750</u>
Creditors. Amounts falling due after more than one year	17	(602,620)	(728,100)
Provisions for liabilities	18	<u>(36,883)</u>	<u>(57,056)</u>
Net assets		<u>4,104,740</u>	<u>4,223,594</u>
Capital and reserves			
Called-up share capital	19	19,608	19,608
Share premium account	20	10,397	9,994
Capital redemption reserve	20	60,400	60,400
Profit and loss account	20	4,176,106	4,400,077
Foreign exchange reserve		<u>(161,771)</u>	<u>(266,485)</u>
Total Shareholders' funds	21	<u>4,104,740</u>	<u>4,223,594</u>

The financial statements of Petrotechnik Limited (registered number 2631843) were approved by the board of directors and authorised for issue on 29th June 2010. They were signed on its behalf by


J A Boudry
Director


A Golding
Director

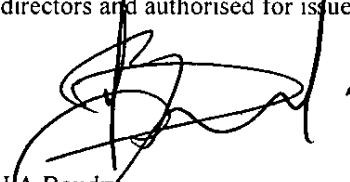
Petrotechnik Limited

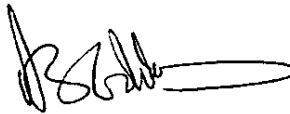
Company balance sheet

At 31 March 2010

	Note	2010 £	2009 £
Fixed assets			
Development costs, patents and trademarks	10	143,611	119,023
Tangible assets	12	1,922,140	1,888,411
Investments	13	454,395	279,948
		<u>2,520,146</u>	<u>2,287,382</u>
Current assets			
Stocks	14	1,630,619	1,815,040
Debtors			
– due within one year	15	3,128,107	2,347,191
– due after one year	15	399,822	712,301
Cash at bank and in hand		301,535	626,558
		<u>5,460,083</u>	<u>5,501,090</u>
Creditors: Amounts falling due within one year	16	<u>(3,437,953)</u>	<u>(2,672,375)</u>
Net current assets		<u>2,022,130</u>	<u>2,828,715</u>
Total assets less current liabilities		4,542,276	5,116,097
Creditors: Amounts falling due after more than one year	17	<u>(593,750)</u>	<u>(722,545)</u>
Net assets		<u><u>3,948,526</u></u>	<u><u>4,393,552</u></u>
Capital and reserves			
Called-up share capital	19	19,608	19,608
Share premium account	20	9,994	9,994
Capital redemption reserve	20	60,400	60,400
Profit and loss account	20	3,858,524	4,303,550
Shareholders' funds		<u><u>3,948,526</u></u>	<u><u>4,393,552</u></u>

The financial statements of Petrotechnik Limited (registered number 2631843) were approved by the board of directors and authorised for issue on 29th June 2010. They were signed on its behalf by

X 
J.A. Boudry
Director


A. Golding
Director

Petrotechnik Limited
For the year ended 31 March 2010

Consolidated cash flow statement
For the year ended 31 March 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	22	2,021,465	1,406,207
Returns on investments and servicing of finance	23	(23,942)	(74,414)
Taxation	23	(420,238)	(546,961)
Capital expenditure and financial investment	23	(330,800)	(621,513)
Equity dividends paid		(665,000)	(477,270)
Cash inflow (outflow) before financing		581,485	(313,951)
Financing	23	(166,827)	319,992
Increase in cash in the year		414,658	6,041
Cash and cash equivalents at the beginning of the year		531,368	703,883
Effects of foreign exchange		96,892	(178,556)
Cash and cash equivalents at the end of the year		1,042,918	531,368

Petrotechnik Limited

Notes to the financial statements For the 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.

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

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.

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.

As highlighted in note 16 to the financial statements, the Group meets its day to day working capital requirements through an overdraft facility which is due for renewal on 1 July 2010. The group has received notification from its bankers that there is no reason why this facility should not be renewed on similar terms. 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 the Euro and the US Dollar.

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.

Intangible assets – negative goodwill

Negative goodwill arising on the acquisition of business assets representing an excess of the fair value of the identifiable assets and liabilities acquired over the fair value of the consideration given is capitalised and released to reserves over the same period as the assets acquired. The fair value of the net assets acquired has been determined either by the cash equivalent of the assets/liabilities acquired or valuation determined by the directors based upon existing use within the business.

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

1. Accounting policies (continued)

Intangible assets – patents and trademarks

Patents and trademarks are included at cost and depreciated in equal annual instalments over a period of 5-10 years which is their estimated useful economic life. Provision is made for any impairment.

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 freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Fixtures and fittings	7% to 33% per annum
Motor vehicles	20%
Equipment	5% to 33%

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

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

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.

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

1. Accounting policies (continued)

Taxation (continued)

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 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

The Group provides pensions to its employees through a funded defined contribution pension scheme. The assets of the scheme are held independently of the company by insurance companies. 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.

Petrotechnik Limited

Notes to the financial statements For the 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, results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account. The Group uses a combination of forward and spot transactions to manage its exposure to fluctuations in exchange differences.

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.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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.

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

1. Accounting policies (continued)

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

2. Segment information

No segmental analysis is given as in the opinion of the directors, disclosure of this information would be seriously prejudicial to the interests of the company

3. Finance charges (net)

	2010 £	2009 £
Interest payable and similar charges	(37,128)	(91,634)
Interest receivable	13,186	17,220
	<u>(23,942)</u>	<u>(74,414)</u>

Interest payable and similar charges

	2010 £	2009 £
Bank loans and overdrafts	(33,191)	(86,110)
Finance leases and hire purchase contracts	(3,937)	(5,524)
	<u>(37,128)</u>	<u>(91,634)</u>

4. Profit on ordinary activities before taxation

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

	2010 £	2009 £
Depreciation of tangible fixed assets		
owned	261,168	241,365
held under finance leases and hire purchase contracts	15,081	19,859
Amortisation of patents and trademarks	79,332	74,959
Negative goodwill written back	(2,755)	(3,673)
Operating lease rentals		
Land and buildings	<u>277,340</u>	<u>273,751</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

4. Profit on ordinary activities before taxation (continued)

The analysis of auditors' remuneration is as follows

	2010	2009
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,025	7,387
Fees payable to the Company's auditors and their associates for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	24,975	10,000
Total audit fees	35,000	17,387
Recruitment and remuneration services	-	3,025
Tax services	5,200	5,200
Other services	-	3,200
Total non-audit fees	5,200	11,425

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

5. Staff costs

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

	2010 Number	2009 Number
Warehouse & production	56	52
Sales & distribution	33	25
Administration & development	22	27
	<u>111</u>	<u>104</u>

Their aggregate remuneration comprised

	2010 £	2009 £
Wages and salaries	4,079,266	3,737,821
Social security costs	633,369	563,262
Other pension costs (see note 26)	107,275	87,620
	<u>4,819,910</u>	<u>4,388,703</u>

'Other pension costs' includes only those items included within operating costs

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

6. Directors' remuneration and transactions

	2010 £	2009 £
Directors' remuneration		
Emoluments	745,871	794,039
Company contributions to money purchase pension schemes	48,180	56,013
Sums paid to third parties in respect of directors' services	53,239	75,612
	<u>847,290</u>	<u>925,664</u>

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>4</u>	<u>5</u>

	2010 £	2009 £
Remuneration of the highest paid director:		
Emoluments	248,678	237,143
Company contributions to money purchase schemes	24,750	24,750
	<u>273,428</u>	<u>261,893</u>

The highest paid director did not exercise any share options in the year

Directors' transactions

Details of transactions with directors during the year are disclosed in note 27

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

7. Tax on profit on ordinary activities

	2010 £	2009 £
The tax charge comprises.		
Current tax		
UK corporation tax	157,304	327,477
Double tax relief	-	(115,251)
Foreign tax	320,181	213,607
Adjustments in respect of prior years		
UK corporation tax	-	645
Total current tax	<u>477,485</u>	<u>426,478</u>
Deferred tax		
Origination and reversal of timing differences	(20,173)	(16,602)
Total deferred tax (see note 18)	<u>(20,173)</u>	<u>(16,602)</u>
Total tax on profit on ordinary activities	<u>457,312</u>	<u>409,876</u>
	2010 £	2009 £
Group profit on ordinary activities before tax	<u>898,341</u>	<u>1,278,132</u>
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	251,535	357,877
Effects of		
Expenses not deductible for tax purposes	32,063	29,861
Depreciation in excess of capital allowances	11,280	13,678
Other timing adjustments	(34,960)	(109,105)
Trading losses carried forward	133,675	84,355
Higher tax rates on overseas earnings	83,892	49,167
Adjustments to tax charge in respect of previous periods	-	645
Group current tax charge for period	<u>477,485</u>	<u>426,478</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

8. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period

	2010 £	2009 £
Interim dividends for the year ended 31 March 2010 of £21 93 (2009 £24 34) per 'A' ordinary share	107,500	119,318
Interim dividends for the year ended 31 March 2010 of £21 93 (2009 £24 34) per ordinary share	322,500	357,952
Final dividend for the year ended 31 March 2009 of £11 98 per 'A' ordinary share	58,750	-
Final dividend for the year ended 31 March 2009 of £11 98 per ordinary share	176,250	-
	<u>665,000</u>	<u>477,270</u>

9. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the parent Company was £219,974 (2009 £618,108). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

10. Intangible fixed assets - patents and trademarks

	Group £	Company £
Cost		
At 1 April 2009	584,355	455,903
Additions	98,157	90,650
Exchange adjustment	(534)	-
At 31 March 2010	<u>681,978</u>	<u>546,553</u>
Depreciation		
At 1 April 2009	(419,842)	(336,880)
Charge for the year	(79,332)	(66,062)
Exchange adjustment	538	-
At 31 March 2010	<u>(498,636)</u>	<u>(402,942)</u>
Net book value		
At 31 March 2010	<u>183,342</u>	<u>143,611</u>
At 31 March 2009	<u>164,513</u>	<u>119,023</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

11. Intangible fixed assets –negative goodwill

	Group £
Cost	
At 1 April 2009 and 31 March 2010	<u><u>(37,648)</u></u>
Amortisation	
At 1 April 2009	34,893
Charge for the year	<u>2,755</u>
At 31 March 2010	<u><u>37,648</u></u>
Net book value	
At 31 March 2010	<u><u>-</u></u>
At 31 March 2009	<u><u>(2,755)</u></u>

Negative goodwill is being written back on a straight line basis over a period of 5 years which is equal to the period over which the related non-monetary assets of the acquired business are being depreciated

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

12. Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2009	1,250,000	3,114,943	4,364,943
Additions	-	254,143	254,143
Disposals	-	(13,277)	(13,277)
Exchange adjustment	-	41,262	41,262
At 31 March 2010	<u>1,250,000</u>	<u>3,397,071</u>	<u>4,647,071</u>
Depreciation			
At 1 April 2009	(37,937)	(1,988,851)	(2,026,788)
Charge for the year	(7,716)	(268,533)	(276,249)
Disposals	-	12,659	12,659
Exchange adjustment	-	(33,041)	(33,041)
At 31 March 2010	<u>(45,653)</u>	<u>(2,277,766)</u>	<u>(2,323,419)</u>
Net book value			
At 31 March 2010	<u>1,204,347</u>	<u>1,119,305</u>	<u>2,323,652</u>
At 31 March 2009	<u>1,212,063</u>	<u>1,126,092</u>	<u>2,338,155</u>
Leased assets included above			
Net book value			
At 31 March 2010	<u>-</u>	<u>63,147</u>	<u>63,147</u>
At 31 March 2009	<u>-</u>	<u>77,864</u>	<u>77,864</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

12 Tangible fixed assets (continued)

Company	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2009	1,250,000	1,626,581	2,876,581
Additions	-	177,703	177,703
At 31 March 2010	1,250,000	1,804,284	3,054,284
Depreciation			
At 1 April 2009	(37,937)	(950,233)	(988,170)
Charge for the year	(7,716)	(136,258)	(143,974)
At 31 March 2010	(45,653)	(1,086,491)	(1,132,144)
Net book value			
At 31 March 2010	1,204,347	717,793	1,922,140
At 31 March 2009	1,212,063	676,348	1,888,411
 Leased assets included above			
Net book value			
At 31 March 2010	-	7,671	7,671
At 31 March 2009	-	15,391	15,391

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

13. Fixed assets investments

Principal Group investments

The Company has investments in the following subsidiary undertakings 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.

Subsidiary undertakings	Country of incorporation	Principal activity	Holding	%
Cookson and Zinn (PTL) Ltd	England	Manufacture of steel tanks in the UK	Ordinary	100
Petrotechnik France S A R L	France	Agency company for the sale of UPP pipe and fittings in France and french territories	Ordinary	100
Petrotechnik do Brasil Ltda	Brazil	Agency company for the sale of UPP pipe and fittings in Brazil and Latin America	Ordinary	100
Petrotechnik Inc	USA	Agency company for the sale of UPP pipe and fittings in North America	Ordinary	100
Petrotechnik (Beijing) Trading Co Ltd	China	Agency company for the sale of UPP pipe and fittings in China	Ordinary	100

All investments are held directly by Petrotechnik Limited

Company

Subsidiary undertakings

	£
Cost	
At 1 April 2009	279,948
Additions in the year	114,180
Exchange rate revaluation	60,267
Net book value	
At 31 March 2010	454,395
At 31 March 2009	279,948

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

14. Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Raw materials and consumables	373,456	398,182	-	-
Work in progress	220,072	268,107	-	-
Finished goods and goods for resale	<u>2,161,307</u>	<u>2,265,646</u>	<u>1,630,619</u>	<u>1,815,040</u>
	<u>2,754,835</u>	<u>2,931,935</u>	<u>1,630,619</u>	<u>1,815,040</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

15. Debtors

	Group		Company	
	2010	2009	2010	2009
Amounts falling due within one year				
Trade debtors	3,529,978	3,509,001	1,373,823	1,079,314
Amounts owed by Group undertakings	-	-	1,363,089	864,890
VAT	185,081	82,432	107,214	65,517
Other debtors	33,996	157,129	106,145	75,484
Prepayments and accrued income	<u>273,133</u>	<u>371,373</u>	<u>177,836</u>	<u>261,986</u>
	<u>4,022,188</u>	<u>4,119,935</u>	<u>3,128,107</u>	<u>2,347,191</u>

Amounts falling due after more than one year

Amounts owed by Group undertakings	-	-	399,822	712,301
Other debtors	<u>-</u>	<u>1,797</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,797</u>	<u>399,822</u>	<u>712,301</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

16 Creditors – amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
Bank loans and overdrafts	(374,072)	(497,598)	(374,072)	(193,741)
Obligations under finance leases and hire purchase contracts	(16,067)	(33,043)	(3,794)	(8,490)
Other loans	-	(2,872)	-	(2,872)
Payments received on account				
Trade creditors	(3,703,647)	(3,044,786)	(2,090,671)	(1,434,193)
Corporation tax	(208,101)	(150,853)	(77,792)	(74,986)
VAT	-	(14,936)	-	-
Other taxation and social security	(274,751)	(298,145)	(43,468)	(43,293)
Other creditors	(23,739)	(199,944)	(7,101)	(26,671)
Accruals and deferred income	(1,232,102)	(1,207,334)	(841,055)	(888,129)
	<u>(5,832,479)</u>	<u>(5,449,511)</u>	<u>(3,437,953)</u>	<u>(2,672,375)</u>

The Company has granted a floating charge on its assets to secure bank overdrafts of £249,072 (2009 £372,598)

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

17. Creditors – amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
Bank loans	(593,750)	(718,750)	(593,750)	(718,750)
Obligations under finance leases and hire purchase contracts	(8,870)	(9,350)	-	(3,795)
	<u>(602,620)</u>	<u>(728,100)</u>	<u>(593,750)</u>	<u>(722,545)</u>

The bank loans are secured on freehold properties of certain subsidiary undertakings

Borrowings are repayable as follows

	Group		Company	
	2010	2009	2010	2009
Bank loans				
Between one and two years	125,000	125,000	125,000	125,000
Between two and five years	<u>468,750</u>	<u>593,750</u>	<u>468,750</u>	<u>593,750</u>
	<u>593,750</u>	<u>718,750</u>	<u>593,750</u>	<u>718,750</u>
 On demand or within one year	 <u>125,000</u>	 <u>127,872</u>	 <u>125,000</u>	 <u>125,000</u>
	<u>718,750</u>	<u>846,622</u>	<u>718,750</u>	<u>843,750</u>
 Finance leases				
Between one and two years	6,726	9,055	-	3,795
Between two and five years	<u>2,144</u>	<u>295</u>	<u>-</u>	<u>-</u>
	<u>8,870</u>	<u>9,350</u>	<u>-</u>	<u>3,795</u>
 On demand or within one year	 <u>16,067</u>	 <u>33,043</u>	 <u>3,794</u>	 <u>8,490</u>
	<u>24,937</u>	<u>42,393</u>	<u>3,794</u>	<u>12,285</u>
 Total borrowings including finance leases				
Between one and two years	131,726	134,055	125,000	128,795
Between two and five years	<u>470,894</u>	<u>594,045</u>	<u>468,750</u>	<u>593,750</u>
	<u>602,620</u>	<u>728,100</u>	<u>593,750</u>	<u>722,545</u>
 On demand or within one year	 <u>141,067</u>	 <u>160,915</u>	 <u>128,794</u>	 <u>133,490</u>
	<u>743,687</u>	<u>889,015</u>	<u>722,544</u>	<u>856,035</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

18. Deferred taxation

	Group £	Company £
At 1 April 2009	(57,056)	1,505
Credited to profit and loss account	20,173	8,134
At 31 March 2010	<u>(36,883)</u>	<u>9,639</u>

Deferred tax is provided as follows

	Group £	Company £
Accelerated capital allowances	<u>(36,883)</u>	<u>9,639</u>

19. Called-up share capital

	2010 £	2009 £
Allotted, called-up and fully-paid		
14,706 ordinary shares of £1 each	14,706	14,706
4,902 'A' ordinary shares of £1 each	<u>4,902</u>	<u>4,902</u>
	<u>19,608</u>	<u>19,608</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

20. Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £	Foreign exchange reserve £	Total £
Group					
At 1 April 2009	9,994	60,400	4,400,077	(266,485)	4,203,986
Currency translation difference on foreign currency net investments	403	-	-	104,714	105,117
Profit for the financial year	-	-	441,029	-	441,029
Dividends paid on equity shares (note 8)	-	-	(665,000)	-	(665,000)
At 31 March 2010	10,397	60,400	4,176,106	(161,771)	4,085,132

	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
Company				
At 1 April 2009	9,994	60,400	4,303,550	4,373,944
Profit for the financial year	-	-	219,974	219,974
Dividends paid on equity shares (note 8)	-	-	(665,000)	(665,000)
At 31 March 2010	9,994	60,400	3,858,524	3,928,918

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

21. Reconciliation of movements in Group shareholders' funds

	2010	2009
	£	£
Profit for the financial year	441,029	868,256
Other recognised gains and losses relating to the year (net)	<u>105,117</u>	<u>(266,485)</u>
	546,146	601,771
Dividends paid on equity shares (note 8)	<u>(665,000)</u>	<u>(477,270)</u>
Net (reduction in) addition to shareholders' funds	(118,854)	124,501
Opening shareholders' funds	<u>4,223,594</u>	<u>4,099,093</u>
Closing shareholders' funds	<u><u>4,104,740</u></u>	<u><u>4,223,594</u></u>

22. Reconciliation of operating profit to operating cash flows

	2010	2009
	£	£
Operating profit	922,283	1,352,546
Depreciation and amortisation	352,827	329,933
Loss on sale of tangible fixed assets	617	-
Decrease in stocks	177,100	433,915
Decrease in debtors	99,544	382,116
Increase (decrease) in creditors	469,094	(1,092,303)
Net cash inflow from operating activities	<u><u>2,021,465</u></u>	<u><u>1,406,207</u></u>

All operating cash flows are from continuing operating activities.

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

23. Analysis of cash flows

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	13,186	17,220
Interest paid	(33,191)	(86,110)
Interest element of finance lease rentals	(3,937)	(5,524)
Net cash outflow	<u>(23,942)</u>	<u>(74,414)</u>
Taxation		
UK corporation tax paid	(118,942)	(315,275)
Foreign tax paid	(301,296)	(231,686)
Net cash outflow	<u>(420,238)</u>	<u>(546,961)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(98,157)	(82,580)
Purchase of tangible fixed assets	(232,643)	(538,933)
Net cash outflow	<u>(330,800)</u>	<u>(621,513)</u>
Financing		
Repayment of secured loan	(127,872)	-
New unsecured loan	-	500,000
Capital element of finance lease rental payments	(38,955)	(180,008)
Net cash (outflow) inflow	<u>(166,827)</u>	<u>319,992</u>

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

24. Analysis and reconciliation of net (funds) debt

	Beginning of year £	Cash flow £	End of year £
Cash in hand, at bank	903,966	388,024	1,291,990
Overdrafts	(372,598)	123,526	(249,072)
	<u>531,368</u>	<u>511,550</u>	<u>1,042,918</u>
Debt due after 1 year	(718,750)	125,000	(593,750)
Debt due within 1 year	(127,872)	2,872	(125,000)
Finance leases	(42,393)	17,456	(24,937)
	<u>(889,015)</u>	<u>145,328</u>	<u>(743,687)</u>
Net funds (debt)	<u>(357,647)</u>	<u>656,878</u>	<u>299,231</u>
	2010 £	2009 £	
Increase/(decrease) in cash in the year	511,550	(172,515)	
Cash flow from movement in debt and lease financing	145,328	(330,617)	
Change in net debt resulting from cash flows	<u>656,878</u>	<u>(503,132)</u>	
Net (debt) funds at 1 April 2009	(357,647)	145,485	
Net funds (debt) at 31 March 2010	<u>299,231</u>	<u>(357,647)</u>	

Petrotechnik Limited

Notes to the financial statements For the year ended 31 March 2010

25. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and buildings £	2009 Land and buildings £
Group		
Expiry date		
- between two and five years	<u>122,500</u>	<u>122,500</u>
Company		
Expiry date		
- between two and five years	<u>122,500</u>	<u>122,500</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

26. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution personal retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group.

The total cost charged to income of £107,275 (2009 £87,620) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. As at 31 March 2010, contributions of £27,372 (2009 £nil) due in respect of the current reporting period had not been paid over to the schemes.

27. Related party transactions

J Boudry, a director of PetroTechnik Limited, controls the company as a result of controlling 51% of the issued share capital of PetroTechnik Limited.

Limit AB and PetroTeknik AB, of which J Ageheim is a director and shareholder, supplied goods and consultancy services during the year amounting to £70,157 (2009 - £85,664). Included in trade creditors at the year end was £19,869 (2009 - £261) due to PetroTeknik AB. Sale of goods to PetroTeknik AB in the normal course of business during the year amounted to £774,349 (2009 - £939,358). Included in trade debtors at the year end was £9,274 (2009 - £21,183) due from PetroTeknik AB.

28. Controlling party

J Boudry, a director of the Company controls the Company as a result of owning 51% of the issued share capital of the Company.

