

Oldland Aerospace Limited

Directors' report and financial
statements

Registered number 02192400

31 March 2010

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Directors and advisors

Directors

C Tucker
J Tucker
U Malhoutra
RK Lawton
VR Sunder

Secretary and registered office

AG Atkins
Cheney Manor Industrial Estate
Swindon
Wiltshire
SN2 2PZ

Registered auditors

KPMG LLP
100 Temple Street
Bristol
BS1 6AG

Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2010.

Principal activities

The principal activity of the Company during the year was that of manufacturer of engineered parts for the aerospace industry.

Business review

The results for the year are a pre tax profit of £1,332,854 (2009: £684,488) for the Company and a turnover of £8,184,163 (2009: £4,662,884) for the Company which were largely as anticipated and the current order book indicates continuance of sales at these levels.

The sales and results for the year were in line with the directors' expectations.

A dividend of £694,623 was paid during the year (2009: £202,500).

Future outlook

The entity is expected to trade at current levels for the foreseeable future.

Principal risks and uncertainties

Competition

The Company is actively developing lean and agile manufacturing techniques to maintain competitiveness against products from lower cost economies, whilst maintaining production to high quality standards.

Quality

The Company's quality programme is stringent and monitored both internally and externally, through third party and customer audits. This programme is designed to prevent any decline in standards and the potential threat this would have to the Company's reputation for new products and materials.

Exchange rate movements

An element of the Company's income and debt is denominated in foreign currencies. A sustained movement in exchange rates would have an impact on results and, where applicable, the group will use its foreign currencies to purchase raw materials. The Company regularly reviews the need to enter into forward contracts for future currency receipts.

Key performance indicators

The principal performance indicators used by the Board are as follows:

KPI – percentage of sales	2010 %	2009 %
Gross profit	23.1	21.6
EBITDA	19.1	26.0

Directors' report *(continued)*

Financial risk management

Price risk

The nature of the Company's business exposes it to fluctuations in raw material prices. As the nature and size of the Company's operations change, it will continue to assess its procurement policy. The Company has no exposure to equity securities price risk.

Credit risk

Cash deposits are only placed with financial institutions having a high quality investment grade credit rating.

Credit checks are carried out where appropriate for new and existing customers and for suppliers to whom payments on account are made.

Liquidity risk

The Company will take account of cash flow requirements when determining the period of time for which funds are placed on deposit with financial institutions.

Cash flow/interest rate risk

The Company monitors the level of funds held within the business to ensure that there are sufficient funds available for working capital requirements, capital expenditure and the payment of tax liabilities and dividends. Consideration is also given to the impact of potential downturns in the level of business.

The Company regularly reviews the appropriateness of its interest rate management.

Directors

The directors who held office during the year are given below:

Udayant Malhoutra
RK Lawton
VR Sunder
C Tucker
J Tucker

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Employees

The Company is committed to the principle of equal opportunity in employment.

Open and regular communication with employees at all levels is an essential part of the management of the Company.

Directors' report *(continued)*

Health and safety

The Company ensure health, safety and environmental affairs continue to receive major attention, not merely to conform to legal requirements, but positively to develop and maintain high standards.

Charitable donations

Charitable donations of £570 (2009: £2,526) were made during the year.

Auditors

On 3 February 2010, PricewaterhouseCoopers LLP resigned as auditors and KPMG LLP were appointed to fill the casual vacancy arising. A resolution for the appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board



Director



Cheney Manor Industrial Estate
Swindon
Wiltshire
SN2 2PZ

23rd July 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of Oldland Aerospace Limited

We have audited the financial statements of Oldland Aerospace Limited for the year ended 31 March 2010 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Oldland Aerospace 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.



A C Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG
United Kingdom

26 July

2010

Profit and Loss Account
for the year ended 31 March 2010

	<i>Note</i>	Year ended 31 March 2010	8 months ended 31 March 2009
		£	£
Turnover	2	8,184,163	4,662,884
Cost of sales		(6,295,702)	(3,653,576)
		<hr/>	<hr/>
Gross profit		1,888,461	1,009,308
Administrative expenses		(557,090)	(328,528)
Other operating income		-	-
		<hr/>	<hr/>
Operating profit	3	1,331,371	680,780
Interest receivable		6,700	10,518
Interest payable and similar charges	6	(5,217)	(6,810)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,332,854	684,488
Tax charge on profit on ordinary activities	7	(431,901)	(194,546)
		<hr/>	<hr/>
Profit for the financial year	16	900,953	489,942
		<hr/> <hr/>	<hr/> <hr/>

All activities of the Company are classed as continuing.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than the profits reported above, hence no separate statement of total recognised gains and losses has been presented.

Balance Sheet
at 31 March 2010

	<i>Note</i>	2010 £	2009 £
Fixed assets			
Tangible assets	8	869,422	1,034,592
Current assets			
Stocks	9	1,148,266	1,337,267
Debtors	10	2,599,039	2,512,589
Cash at bank and in hand		1,298,311	693,906
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	5,045,616 (1,571,633)	4,543,762 (1,418,364)
		<hr/>	<hr/>
Net current assets		3,473,983	3,125,398
		<hr/>	<hr/>
Total assets less current liabilities		4,343,405	4,159,990
Creditors: amounts falling due after more than one year	12	(14,853)	(42,437)
Provisions for liabilities and charges	13	(98,386)	(93,717)
		<hr/>	<hr/>
Net assets		4,230,166	4,023,836
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss reserve	16	4,230,164	4,023,834
		<hr/>	<hr/>
Shareholder funds	16	4,230,166	4,023,836
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 23rd July 2010 and were signed on its behalf by:



Director



Company registered number: 02192400

Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Turnover

Turnover, which excludes value added tax, is recognised when the significant risks and rewards of ownership are transferred to the customer and is measured at invoice value less returns.

Research and development expenditure

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

Tangible fixed assets

All fixed assets are held at cost and depreciation is calculated to write off the cost of these assets their estimated useful lives at the following rates:

Plant and machinery	-	20% reducing balance
Fixtures, fittings and equipment	-	20% reducing balance
Motor vehicles	-	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of products manufactured by the Company consists of direct material and labour costs, together with the relevant factory overheads.

Leases

Assets acquired under finance leases are capitalised and the outstanding obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension scheme arrangements

Costs in respect of defined contribution schemes are charged to the profit and loss account as incurred. The Company provides no other post retirement benefits to its employees.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currency are converted at the rates of exchange ruling when transactions are recorded. Assets and liabilities denominated in foreign currency at the financial year end are adjusted to reflect rates of exchange ruling at that date. All exchange differences are taken to the profit and loss account.

Related party transactions

As the Company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the Company has taken advantage of the exemption from disclosing transactions with group entities under FRS 8.

Cash flow statement

Under FRS1 the Group and Company are 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.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company.

The geographical markets supplied are as follows:

	Year ended 31 March 2010	8 months ended 31 March 2009
	£	£
United Kingdom	7,197,645	4,013,760
Overseas – USA	986,518	649,124
	<u>8,184,163</u>	<u>4,662,884</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 March 2010	8 months ended 31 March 2009
	£	£
Depreciation on owned fixed assets	217,422	151,944
Depreciation of assets held under hire purchase agreements	12,640	37,424
Loss on disposal of fixed assets	2,718	25,191
Profit on disposal of fixed assets	-	-
Auditors' remuneration	-	-
- audit of these financial statements	12,000	-
- tax advice and compliance	5,000	-
Fees paid to former auditors	-	40,915
Operating lease costs:	-	-
- plant and equipment	330,625	136,026
- land and buildings	105,900	70,560
Foreign exchange gains	(1,472)	(179,460)
	<u> </u>	<u> </u>

Notes (continued)

4 Directors' emoluments

	Year ended 31 March 2010 £	8 months ended 31 March 2009 £
Aggregate emoluments	216,081	111,278
Pension contributions to defined contribution pension scheme	5,400	2,700
	221,481	113,978
	221,481	113,978

Retirement benefits for two directors are paid into a defined contribution pension scheme.

5 Employee information

The average number of staff employed by the Company (including executive directors) during the year amounted to:

	Year ended 31 March 2010 No.	8 months ended 31 March 2009 No.
Number of production staff	46	45
Number of administrative staff	15	15
	61	60
	61	60

The aggregate payroll costs for the above were:

	Year ended 31 March 2010 £	8 months ended 31 March 2009 £
Wages and salaries	1,779,405	1,246,439
Social security costs	184,382	131,962
Other pension costs	46,335	33,540
	2,010,122	1,411,941
	2,010,122	1,411,941

6 Interest payable and similar charges

	Year ended 31 March 2010 £	8 months ended 31 March 2009 £
Hire purchase interest charges	5,217	6,810
	5,217	6,810
	5,217	6,810

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of charge in the year

	Year ended 31 March 2010	8 months ended 31 March 2009
	£	£
Current tax		
UK corporation tax at 28% on profit (2009: 28%)	404,126	223,491
Adjustment in respect of prior years	23,106	-
	<hr/>	<hr/>
Total current tax	427,232	223,491
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences (note 13)		
Capital allowances	(28,915)	(28,945)
Adjustment in respect of prior years	33,584	-
	<hr/>	<hr/>
Total deferred tax charge/(credit)	4,669	(28,945)
	<hr/>	<hr/>
Tax on profit on ordinary activities	431,901	194,546
	<hr/>	<hr/>

Factors affecting tax charge for the period

The tax assessed on the profit on ordinary activities for the year is higher (2009: higher) than the standard rate of corporation tax in the UK of 28% (2009: 28%).

	2010	2009
	£	£
Profit on ordinary activities before tax	1,332,854	684,488
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2009: 28%)	373,199	191,655
Disallowable expenses	2,012	2,891
Capital allowances less/(greater) than depreciation	28,915	28,945
Adjustment in respect of prior years	23,106	-
	<hr/>	<hr/>
Total current tax charge for the year	427,232	223,491
	<hr/>	<hr/>

Notes (continued)

8 Tangible fixed assets

Total	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of year	3,346,612	244,573	45,257	3,636,442
Additions	13,655	39,857	16,750	70,262
Disposals	-	-	(25,820)	(25,820)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	3,360,267	284,430	36,187	3,680,884
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At beginning of year	2,415,237	156,321	30,292	2,601,850
Charge for year	206,717	18,487	4,858	230,062
On disposals	-	-	(20,450)	(20,450)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	2,621,954	174,808	14,700	2,811,462
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2010	738,313	109,622	21,487	869,422
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	931,374	88,253	14,965	1,034,592
	<hr/>	<hr/>	<hr/>	<hr/>

Included within the net book value of £962,622 is £50,562 (2009: £1,034,592 is £242,394) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,640 (2009: £37,424).

9 Stocks

	2010 £	2009 £
Raw materials	463,222	441,582
Work in progress	569,951	783,018
Finished goods	115,093	112,667
	<hr/>	<hr/>
	1,148,266	1,337,267
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	2010	2009
	£	£
Trade debtors	2,076,290	1,989,340
Prepayments and accrued income	145,058	46,043
Amounts owed by group companies	377,691	477,206
	<u>2,599,039</u>	<u>2,512,589</u>

11 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	900,481	739,290
Amounts owed to group companies	180,700	140,470
Corporation tax	246,532	220,218
Other tax and social security	129,432	136,649
Hire purchase agreements	25,463	120,135
Accruals and deferred income	89,025	61,602
	<u>1,571,633</u>	<u>1,418,364</u>

12 Creditors: amounts falling due after more than one year

Hire purchase agreements are analysed as follows:

	2010	2009
	£	£
Less than one year (see note 11)	25,463	120,135
Between one to two years	14,853	25,541
Between two and five years	-	16,896
	<u>(25,463)</u>	<u>(120,135)</u>
Less amounts falling due within ont year	<u>14,853</u>	<u>42,437</u>

Notes (continued)

13 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2010 £	2009 £
Provision brought forward	93,717	122,662
Charge/(credit) to the profit and loss account	4,669	(28,945)
	98,386	93,717
	98,386	93,717

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2010 £	2009 £
Difference accumulated depreciation and amortisation of capital allowances	98,386	93,717
	98,386	93,717
	98,386	93,717

14 Commitments under operating leases

At 31 March 2010, the Company had annual commitments under non-cancellable operating leases as set out below:

	Plant and equipment		Land and buildings	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire:				
Between two to five years	331,323	319,630	-	-
After more than five years	-	176	105,900	105,900
	331,323	319,806	105,900	105,900
	331,323	319,806	105,900	105,900

15 Called up share capital

	2010 No.	2010 £	2009 No.	2009 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2
	2	2	2	2
	2	2	2	2

Notes *(continued)*

16 Reconciliation of movement in shareholders' funds

	2010	2009
	£	£
Profit for the year	900,953	489,942
Dividends on shares classified in shareholder' funds	(694,623)	(202,500)
	<hr/>	<hr/>
Net increase in shareholder funds	206,330	287,442
Opening shareholder funds	4,023,836	3,736,394
	<hr/>	<hr/>
Closing shareholder funds	4,230,166	4,023,836
	<hr/> <hr/>	<hr/> <hr/>

17 Capital commitments

	2010	2009
	£	£
Capital expenditure that has been contracted for, but has not been provided for in the accounts	932,001	-
	<hr/> <hr/>	<hr/> <hr/>

18 Ultimate controlling party

The immediate controlling party is Yew Tree Investments Limited, a company incorporated in England and Wales. The Company's ultimate controlling party is Dynamatic Technologies Limited, a company incorporated in India. Copies of Dynamatic Technologies Limited's annual report and financial statements are available from JKM Darim House, No. 16 Wallace Gardens, 1st Street, Thousand Lights, Chennai 600 006, India.

Financial Statements as at March 31, 2010
Converted to Indian Rupees

OLDLAND AEROSPACE LTD
PROFIT AND LOSS ACCOUNT
for the year ended 31 March, 2010

	Note	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 month ended 31 March 2009 GBP	8 month ended 31 March 2009 INR
Turnover	2	8,184,163	623,618,898	4,662,884	363,656,458
Cost of sales		(6,295,702)	(479,721,475)	(3,653,576)	(284,940,931)
Gross Profit		<u>1,888,461</u>	<u>143,897,423</u>	<u>1,009,308</u>	<u>78,715,527</u>
Administrative expenses		(557,090)	(42,449,283)	(328,528)	(25,621,767)
Other Operating income		-	-	-	-
Operating Profit	3	<u>1,331,371</u>	<u>101,448,140</u>	<u>680,780</u>	<u>53,093,760</u>
Interest receivable		6,700	510,528	10,518	820,295
Interest payable and similar charges	6	(5,217)	(397,526)	(6,810)	(531,109)
Profit on ordinary activities before taxation		<u>1,332,854</u>	<u>101,561,142</u>	<u>684,488</u>	<u>53,382,946</u>
Tax charge on profit on ordinary activities	7	(431,901)	(32,910,100)	(194,546)	(15,172,565)
Profit for the financial year	16	<u>900,953</u>	<u>68,651,042</u>	<u>489,942</u>	<u>38,210,381</u>

All activities of the Company are classed as continuing

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The Company has no recognised gains and losses other than the profits reported above, hence no separate statement of total recognised gains and losses has been presented.

Note: Rates used for conversion	31-Mar-10	31-Mar-09
Balance Sheet	67.86850	72.49000
Profit & Loss Account	76.19825	77.98960

OLDLAND AEROSPACE LTD
BALANCE SHEET AS AT MARCH 31, 2010

	Note	2010 GBP	2010 INR	2009 GBP	2009 INR
Fixed assets					
Tangible assets	8	869,422	59,006,367	1,034,592	74,997,574
Current assets					
Stocks	9	1,148,266	77,931,091	1,337,267	96,938,485
Debtors	10	2,599,039	176,392,878	2,512,589	182,137,576
Cash at bank and in hand		1,298,311	88,114,420	693,906	50,301,246
Creditors: amounts falling due within one year	11	5,045,616 (1,571,633)	342,438,389 (106,664,374)	4,543,762 (1,418,364)	329,377,307 (102,817,206)
Net current assets		3,473,983	235,774,015	3,125,398	226,560,101
Total assets less current liabilities		4,343,405	294,780,382	4,159,990	301,557,675
Creditors: amounts falling due after more than one year	12	(14,853)	(1,008,051)	(42,437)	(3,076,258)
Provisions for liabilities and charges	13	(98,386)	(6,677,310)	(93,717)	(6,793,545)
Net assets		4,230,166	287,095,021	4,023,836	291,687,872
Capital and reserves					
Called up share capital	15	2	136	2	145
Profit and loss reserve	16	4,230,164	287,094,885	4,023,834	291,687,727
Shareholders' funds	16	4,230,166	287,095,021	4,023,836	291,687,872

These financial statement were approved by the board of directors on 23 July 2010 and were signed on its behalf by;

Director

Company registered number : 02192400

Notes

(forming part of the financial statement)

1. Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements , except as noted below.

Turnover

Turnover, which excludes value added tax, is recognised when the significant risks and rewards of ownership are transferred to the customer and is measured at invoice value less returns.

Research and Development Expenditure

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

Tangible fixed assets

All fixed Assets are held at cost and depreciation is calculated to write off the cost of these assets their estimated useful lives at the following rates:

Plant and machinery	20% reducing balance
Furniture, fittings and equipment	20% reducing balance
Motor vehicles	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of products manufactured by the company consists of direct material and labour costs, together with the relevant factory overheads.

Leases

Assets acquired under finance leases are capitalised and the outstanding obligations are shown in creditors. Operating lease rentals are charged to profit and loss account on a straight line basis over the period of the lease.

Pension scheme arrangements

Costs in respect of defined contribution schemes are charged to the profit and loss account as incurred. The company provides no other post retirement benefits to its employees.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Transactions in foreign currency are converted at the rates of exchange ruling when transactions are recorded. Assets and liabilities denominated in foreign currency at the financial year end are adjusted to reflect rates of exchange ruling at that date. All exchange differences are taken to the Profit and Loss account.

Related party transactions

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company has taken advantage of the exemption from disclosing transactions with group entities under FRS 8.

Cash flow statement

Under FRS 1 the Group and Company are 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.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company

The geographic markets supplied are as follows:

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
United Kingdom	7,197,645	548,447,953	4,013,760	313,031,537
Overseas -USA	986,518	75,170,945	649,124	50,624,921
	8,184,163	623,618,898	4,662,884	363,656,458

3 Operating profit

Operating profit is stated after charging /(crediting):

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
Depreciation on owned fixed assets	217,422	16,567,176	151,944	11,850,052
Depreciation of assets held under hire purchase agreements	12,640	963,146	37,424	2,918,683
Loss on disposal of fixed assets	2,718	207,107	25,191	1,964,636
Auditors remuneration'				
- audit of these financial statements	12,000	914,379	0	0
-tax advise and compliance	5,000	380,991	0	0
Fees paid to former auditors	0	0	40,915	3,190,944
Operating lease costs:		0		0
- plant & equipments	330,625	25,193,046	136,026	10,608,613
-land and buildings	105,900	8,069,395	70,560	5,502,946
Foreign exchange gains	(1,472)	(112,164)	(179,460)	(13,996,014)

4 Directors' emoluments

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
Aggregate emoluments	216,081	16,464,994	111,278	8,678,527
Pension contributions to defined contribution pension scheme	5,400	411,471	2,700	210,572
	221,481	16,876,465	113,978	8,889,099

Retirement benefits for two directors are paid into a defined contribution pension scheme

5 Employee information

The average number of staff employed by the Company (including executive directors) during the year amounted to:

	year ended 31 March 2010 Nos	8 months ended 31 March 2009 Nos
Number of production staff	46	45
No of administrative staff	15	15
	61	60

The aggregate payroll costs for the above were:

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
Wages and Salaries	1,779,405	135,587,547	1,246,439	97,209,279
Social security costs	184,382	14,049,586	131,962	10,291,664
Other pension costs	46,335	3,530,646	33,540	2,615,771
	2,010,122	153,167,779	1,411,941	110,116,714

6 Interest payable and similar charges

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
Hire purchase interest charges	5,217	397,526	6,810	531,109

7 Tax on profit on ordinary activities

Analysis of charge in the year

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
Current tax				
UK corporation tax at 28% on profit (2009: 28%)	404,126	30,793,694	223,491	17,429,974
Adjustment in respect of prior years	23,106	1,760,637	0	0
Total current tax	427,232	32,554,331	223,491	17,429,974
Deferred tax				
Origination and reversal of timing differences(note13)				
Capital allowances	(28,915)	(2,203,272)	(28,945)	(2,257,409)
Adjustment in respect of prior years	33,584	2,559,042	0	0
Deferred tax charges /(credit)	4,669	355,770	(28,945)	(2,257,409)
Tax on profit on ordinary activities	431,901	32,910,101	194,546	15,172,565

Factors affecting tax charge for the period

The tax assessed on the profit on ordinary activities for the year is higher (2009 : higher) than the standard rate of corporation tax in the UK of 28% (2009: 28%)

	Year ended 31 March 2010 GBP	Year ended 31 March 2010 INR	8 months ended 31 March 2009 GBP	8 months ended 31 March 2009 INR
Profit on ordinary activities before tax	1,332,854	101,561,142	684,488	53,382,945
Profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2009:28%)	373,199	28,437,111	191,655	14,947,097
Disallowable expenses	2,012	153,311	2,891	225,468
Capital allowances less/(greater) than depreciation	28,915	2,203,272	28,945	2,257,409
Adjustment in respect of prior years	23,106	1,760,637	0	0
Total current tax charge for the year	427,232	32,554,331	223,491	17,429,974

8 Tangible fixed assets

	Plant & machinery GBP	Furniture and fittings GBP	Motor vehicles GBP	Total GBP
Cost:				
At beginning of year	3,346,612	244,573	45,257	3,636,442
Additions	13,655	39,857	16,750	70,262
Disposals	0	0	(25,820)	(25,820)
At 31 March 2010	<u>3,360,267</u>	<u>284,430</u>	<u>36,187</u>	<u>3,680,884</u>
Amortisation				
At beginning of year	2,415,237	156,321	30,292	2,601,850
Charge for the year	206,717	18,487	4,858	230,062
On disposals	0		(20,450)	(20,450)
At 31 March 2010	<u>2,621,954</u>	<u>174,808</u>	<u>14,700</u>	<u>2,811,462</u>
Net Book Value At 31 March 2010	<u>738,313</u>	<u>109,622</u>	<u>21,487</u>	<u>869,422</u>
At 31 March 2009	<u>931,374</u>	<u>88,253</u>	<u>14,965</u>	<u>1,034,592</u>

Tangible fixed assets

	Plant & machinery INR	Furniture and fittings INR	Motor vehicles INR	Total INR
Cost:				
At beginning of year	227,129,537	16,598,803	3,071,525	246,799,865
Additions	926,744	2,705,035	1,136,797	4,768,576
Disposals	0	0	(1,752,365)	(1,752,365)
At 31 March 2010	<u>228,056,281</u>	<u>19,303,838</u>	<u>2,455,957</u>	<u>249,816,076</u>
Amortisation				
At beginning of year	163,918,512	10,609,272	2,055,873	176,583,657
Charge for the year	14,029,573	1,254,685	329,705	15,613,963
On disposals	0	0	(1,387,911)	(1,387,911)
At 31 March 2010	<u>177,948,085</u>	<u>11,863,957</u>	<u>997,667</u>	<u>190,809,709</u>
Net Book Value At 31 March 2010	<u>50,108,196</u>	<u>7,439,881</u>	<u>1,458,290</u>	<u>59,006,367</u>
At 31 March 2009	<u>67,515,301</u>	<u>6,397,460</u>	<u>1,084,813</u>	<u>74,997,574</u>

Included within the net book value of GBP 962,622 (INR 65,331,711) is GBP 50,562 (INR 3,431,567) (2009: GBP 1,034,592 (INR 74,997,574) is GBP 242,394 (INR 17,571,141) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to GBP 12,640(INR 857,858 (2009: 37,424) (INR 2,712,866))

9 Stocks

	2010 GBP	2010 INR	2009 GBP	2009 INR
Raw Materials	463,222	31,438,182	441,582	32,010,279
Work in progress	569,951	38,681,720	783,018	56,760,975
Finished goods	115,093	7,811,189	112,667	8,167,231
	1,148,266	77,931,091	1,337,267	96,938,485

10 Debtors

	2010 GBP	2010 INR	2009 GBP	2009 INR
Trade debtors	2,076,290	140,914,688	1,989,340	144,207,257
Prepayments and accrued income	145,058	9,844,869	46,043	3,337,656
Amounts owed by group companies	377,691	25,633,321	477,206	34,592,663
	2,599,039	176,392,878	2,512,589	182,137,576

11 Creditors: amounts falling due within one year

	2010 GBP	2010 INR	2009 GBP	2009 INR
Trade creditors	900,481	61,114,295	739,290	53,591,132
Amounts owed to group companies	180,700	12,263,838	140,470	10,182,670
corporation tax	246,532	16,731,757	220,218	15,963,603
Other tax and social security	129,432	8,784,356	136,649	9,905,686
Hire purchase agreements	25,463	1,728,135	120,135	8,708,586
Accruals and deferred income	89,025	6,041,993	61,602	4,465,529
	1,571,633	106,664,374	1,418,364	102,817,206

12 Creditors: amounts falling due after more than one year

Hire purchase agreements are analysed as follows:

	2010 GBP	2010 INR	2009 GBP	2009 INR
Less than one year (see note 11)	25,463	1,728,136	120,135	8,708,586
Between one to two years	14,853	1,008,051	25,541	1,851,467
Between two to five years	0	0	16,896	1,224,791
Less: amounts falling due within one year	(25,463)	(1,728,136)	(120,135)	(8,708,586)
	14,853	1,008,051	42,437	3,076,258

13 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2010 GBP	2010 INR	2009 GBP	2009 INR
Provision brought forward	93,717	6,360,432	122,662	8,891,768
Charge/(credit) to the profit and loss account	4,669	316,878	(28,945)	(2,098,223)
	98,386	6,677,310	93,717	6,793,545

The provision for deferred taxation consists of the tax effect of timing differences in respect of :

	2010 GBP	2010 INR	2009 GBP	2009 INR
Difference accumulated depreciation and amortisation of capital allowances	98,386	6,677,310	93,717	6,793,545

14 Commitments under operating leases

At 31 March 2010, the Company had annual commitments under non-cancellable operating leases as set out below:

	Plant & equip 2010 GBP	Plant & equip 2010 INR	Plant & equip 2009 GBP	Plant & equip 2009 INR
Operating leases which expire:				
Between two to five years	331,323	25,246,233	319,630	24,927,816
After more than five years		0	176	13,726
	331,323	25,246,233	319,806	24,941,542

15 Called up share capital

	2010 Nos	2010 GBP	2009 Nos	2009 GBP
Allotted, called up and fully paid up				
Ordinary shares of GBP 1/- each	2	2	2	2
	2010 Nos	2010 INR	2009 Nos	2009 INR
Allotted, called up and fully paid up				
Ordinary shares of GBP 1/- each	2	136	2	145

16 Reconciliation of movement in shareholders' funds

	2,010 GBP	2,010 INR	2,009 GBP	2,009 INR
Profit for the year	900,953	61,146,329	489,942	35,515,896
Dividend on shares classified in shareholder's funds	(694,623)	(47,143,021)	(202,500)	(14,679,225)
Net increase in shareholder funds	206,330	14,003,308	287,442	20,836,671
Opening shareholder funds	4,023,836	273,091,713	3,736,394	270,851,201
Closing shareholder funds	4,230,166	287,095,021	4,023,836	291,687,872

17 Capital commitments

	2,010 GBP	2,010 INR	2,009 GBP	2,009 INR
Capital expenditure that has been contracted for, but has not been provided for in the accounts	932,001	63,253,510	0	0

18 Ultimate controlling party

The immediate controlling party is Yew Tree Investments Limited, a company incorporated in England and Wales. The Company's ultimate controlling party is Dynamatic Technologies Limited, a company incorporated in India. Copies of Dynamatic Technologies Limited's annual report and financial statements are available from JKM Dariem House, No 16 Wallace Gardens, 1st Street, Thousand lights, Chennai 600 006, India.