Langley Holdings plc
Annual Report and Accounts 2009

www.langleyholdings.com

LANGLEY

Contents

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Section 1

Group Overview

The company that is now Langley Holdings plc was established in 1975 by the current Chairman & CEO, Mr Tony Langley. Today the Langley group is a globally operating, multi-disciplined engineering concern providing capital equipment technologies to diverse markets around the world. Langley businesses are either outright market leaders or key niche players in their particular field, providing advanced technologies in a solutions based approach. The group's technologies can be found at the very heart of industrial and commercial processes across the developed and the developing world, often performing mission critical tasks in the most demanding of environments.

The group is financially independent and remains entirely under the ownership of the founding family. Unusually for a privately owned business, the Langley

Mission:

to provide world-class engineering to world-class clients, building mutually beneficial long term relationships group is a highly transparent business, making its annual and interim reports readily available to all its trading partners and employees, believing that those partners and employees have a right to know who is ultimately behind the companies they are engaged with.

Langley Holdings plc comprises four divisions, based principally in Germany, France, and the United Kingdom, with a substantial presence in the United States. These divisions are further supported by a world-wide network of subsidiaries in the Americas, Europe, the Far East and Australasia. The group employs approximately 2,300 people world wide.

Piller Division

location: Germany

activity: power protection systems + airport ground power systems + naval military systems

revenue: €165.4m

employees: 702

web: **www.piller.com**

Piller Power Systems, headquartered in Osterode, near Hanover in Germany, is Europe's leading producer of uninterruptible power supply (UPS) and back-up systems for high end data centres. Piller systems support the global banking & finance community, broadcasters, telecommunication networks, healthcare and other sectors operating mission critical electrical systems. Piller also produces ground power systems for civil and military airports and on-board electrical systems for surface and submarine naval military applications. Modern manufacturing facilities at Piller's Osterode headquarters near Hanover and state-of-the-art, purpose-built assembly and testing facilities at nearby Bilshausen, are generally regarded as the most comprehensive of their kind and Piller is widely acknowledged as the outright leader in the field of high-end power protection. The company was established in 1909 by Anton Piller and remained in the ownership of the Piller family until 1993, when it was acquired by the German utility, RWE AG. Piller became part of the Langley group in 2004.


PILLER
Power Systems
PILLER


sgi
sgi
sgi
sgi

Claudius Peters Division

location: Germany

activity: process plant equipment + aerospace components

revenue: €140.9m

employees: 603

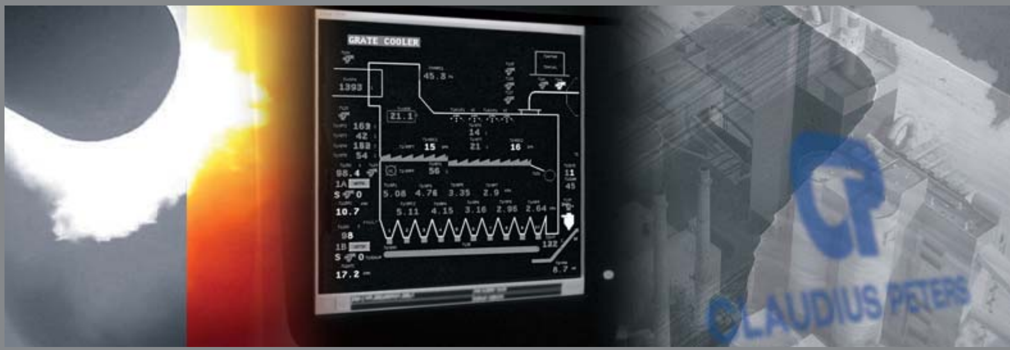
web: **www.claudiuspeters.com**

Headquartered near Hamburg in Germany, Claudius Peters produces innovative materials handling and processing systems for the global cement and gypsum industry and coal pulverizing and injection systems for the world's steel industry – sectors the company has been synonymous with for over a century. Today Claudius Peters continues to serve its global markets from Germany via a world-wide network of subsidiaries.

Claudius Peters remains at the forefront of its field by maintaining a vigorous research, development and test programme at the headquarters Technikum (Technical Centre) in Buxtehude, near Hamburg which also houses a permanent exhibition of Claudius Peters' key technologies.

In its aerospace division Claudius Peters manufactures aircraft "stringers", the longitudinal structural supports, several kilometers of which are to be found in each and every Airbus aircraft in service today.

Since the early 1970's Claudius Peters was a division of the UK's Babcock International PLC and was acquired by Langley in 2001.



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ARO Division

location: France
activity: automotive welding technology
revenue: €63.2m
employees: 449
web: **www.arotechnologies.com**

The ARO Welding Technologies group is widely regarded as the world leader in resistance welding technology, providing the automotive manufacturing industry with advanced robotic, manual and stationary welding solutions. An acronym of the original company founder' name, Albert Rolland, who began by producing welding machines for the auto body repair market in 1949, the ARO group is headquartered in Chateau-du-Loir near Le Mans in France, home of the famous 24 hour motor race. Today ARO also produces its state-of-the-art welding equipment in the United States and in China and serves its global automotive clients via a network of subsidiaries in Belgium, Germany, Mexico, Spain, Sweden, Slovakia and the UK. ARO became part of the Langley group in 2006 and was formerly part of the German MDAX engineering group, IWKA AG.


ARO

location: UK & US

activity: diverse capital equipment + construction

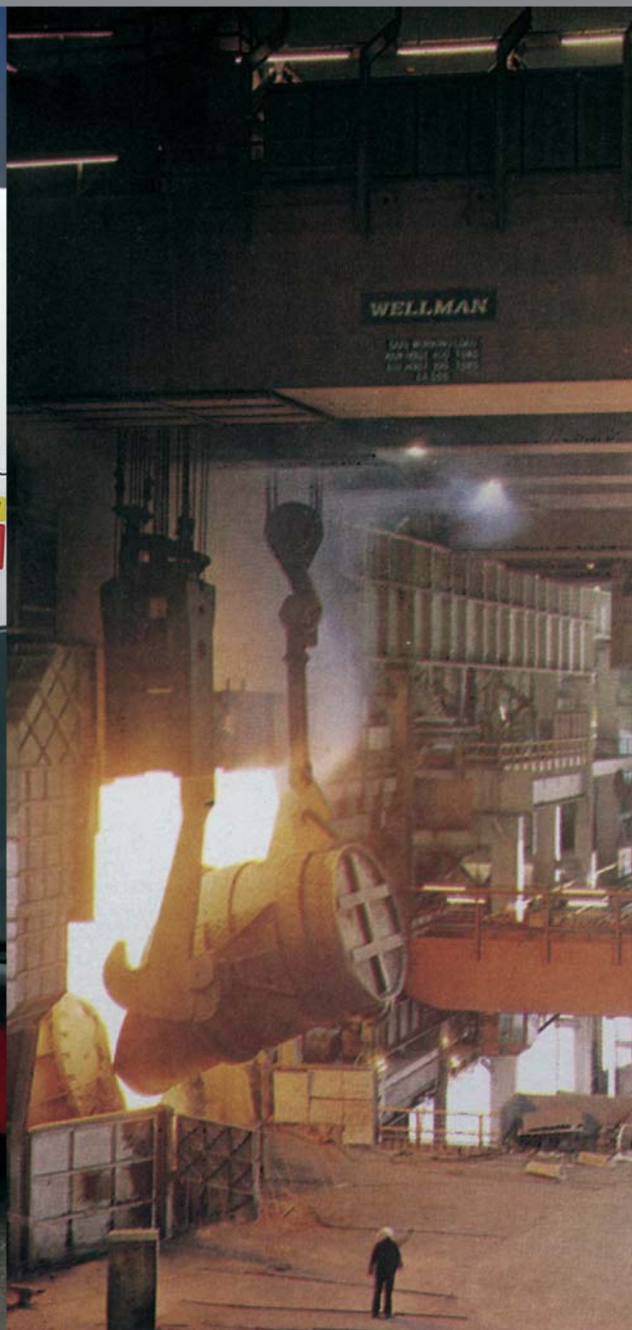
revenue: €56.3m

employees: 510

Other Businesses

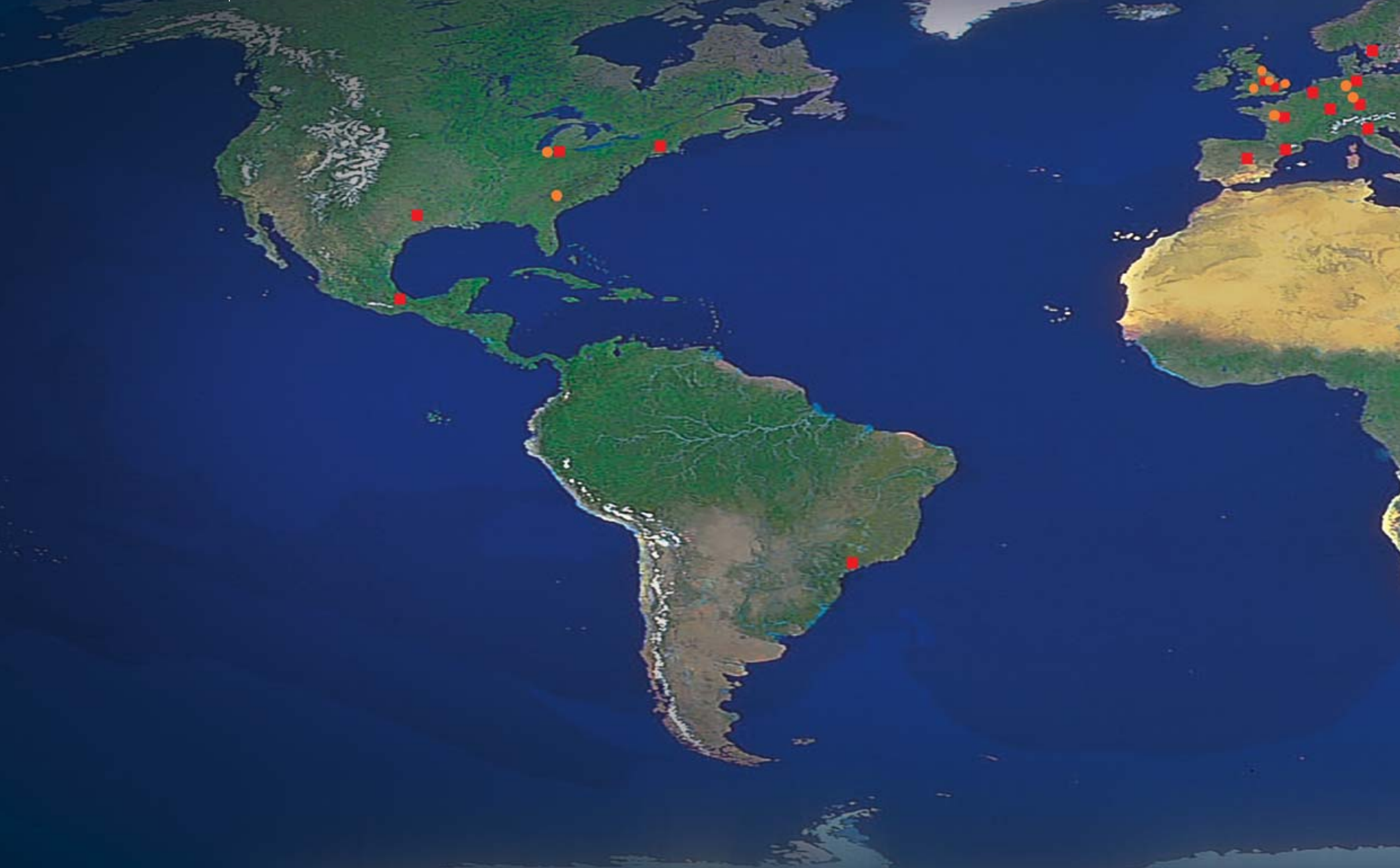
Several other businesses, situated at various locations in the United Kingdom and in the United States, are consolidated under other businesses. The **Clarke Chapman Group** is principally a specialised producer of onshore cranes for the nuclear, military, and other sectors and offshore cranes for the oil & gas industry. Clarke Chapman operates principally from locations in Newcastle, Leeds, Wolverhampton and Bristol in the United Kingdom. Clarke Chapman was acquired by Langley from Rolls Royce PLC in 2000. **Bradman Lake Group** produces integrated cartoning, wrapping and end-of-line packaging systems for the food industry and counts amongst its clients many of the world's leading food companies. Bradman Lake operates from locations in East Anglia and Bristol in the United Kingdom and from Charlotte, North Carolina, in the United States and became part of the group in October 2007. Other smaller business units within the Division, include: **JND Technologies**, a specialist in rotary thermal technologies and size reduction equipment; **Protran**, a builder of liquefied compressed gas road transport vehicles; **PEI**, a builder of pressure vessels and heat exchangers; **Reader**, a blender of cement grouts and grout machinery producer and; **Langley Homes**, a regional UK house builder. All business units within the Division have their own websites accessible via the main portal, www.langleyholdings.com


CALOR
A better choice
Highly flammable
LPG
No smoking
No
naked lights
24028
PROTRAN
DEVELOPMENTS


WELLMAN

Global Presence

ASIA PACIFIC - SINGAPORE | **AUSTRALIA** - SYDNEY | **BELGIUM** - BRUSSELS | **BRAZIL** - SAO PAULO | **CHINA** - BEIJING, HONG KONG, WUHAN | **FRANCE** - LE MANS, MULHOUSE, PARIS | **GERMANY** - HAMBURG, HANOVER, AUGSBURG **INDIA** - MUMBAI | **ITALY** - BERGAMO & MILAN | **MEXICO** - PUEBLA | **ROMANIA** - SIBIU | **SLOVAKIA** - BRATISLAVA **SPAIN** - BARCELONA & MADRID | **SWEDEN** - FIARAS | **USA** - CHARLOTTE (NORTH CAROLINA), DALLAS, NEW YORK, DETROIT | **UNITED KINGDOM** - VARIOUS LOCATIONS

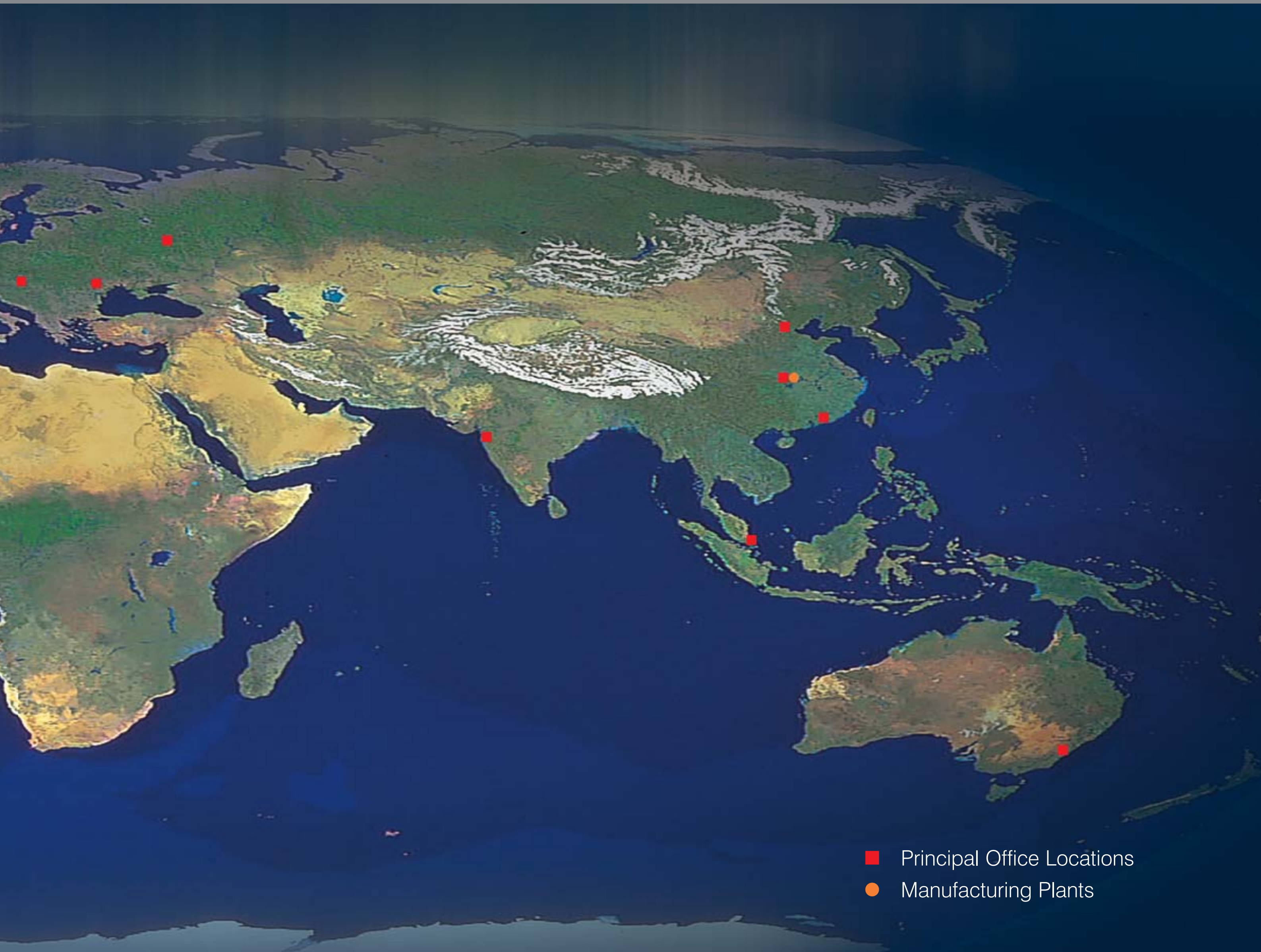


Dallas, USA

New York, USA

Detroit, USA

Le Mans, France




Hamburg, Germany


Mulhouse, France


Hanover, Germany


Retford, UK

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Section 2

IFRS Annual Report and Accounts 2009

Company Information
YEAR ENDED 31 DECEMBER 2009

DIRECTORS:	A J Langley - Chairman J J Langley - Non-Executive B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITORS:	Nexia Smith & Williamson LLP Chartered Accountants Statutory Auditor Portwall Place Portwall Lane Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank plc P.O. Box 3333 15 Colmore Row Birmingham B3 2WN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany

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Key Highlights

YEAR ENDED 31 DECEMBER 2009

	Year ended 31 December 2009 **€'000**	Year ended 31 December 2008 **€'000**
REVENUE	425,783	512,764
OPERATING PROFIT	63,021	65,589
PRE TAX PROFIT	65,786	70,193
NET ASSETS	212,699	179,745
NET CASH	193,585	141,341
ORDERS ON HAND	219,733	234,580
	No	No
EMPLOYEES	2,264	2,399

Chairman's Review

YEAR ENDED 31 DECEMBER 2009

In 2009 the group recorded revenues of €425.8 million (2008: €512.8 million). Operating profits were €63.0 million (2008: €65.6 million) and net income from finance activities contributed a further €2.8 million (2008: €4.6 million), resulting in a profit before tax for the year of €65.8 million (2008: €70.2 million). During the period the group generated €52.2 million of cash (2008: €41.6 million) to close the year with €193.6 million of net cash (2008: €141.3 million). Equity at the year end stood at €212.7 million (2008: €179.7 million) and orders on hand at €219.7 million (2008: €234.6 million).

Considering the prevailing economic circumstances, 2009 was a very satisfactory year for the group. Many of our businesses began 2009 with good visibility on the first, and some on the second, quarters' trading, due to a strong carry over of orders from 2008 but as the year developed, the drop-off in order intake first seen in the third quarter of 2008, continued and by the second half of 2009 the group was trading down by some 20% overall on 2008 levels.

In December 2008 I set out my thoughts on managing our businesses, in what threatened to be the severest economic downturn for a generation, in a detailed memorandum to all of our managers around the world. Most responded with early and decisive actions, particularly in the area of costs reduction. In Germany the "Kurzarbeit" scheme and a similar short-time working programme in France, where the majority of our employees are situated, thankfully meant that management were able to reduce capacity sufficiently without the need for widespread permanent headcount reductions. This, coupled with our businesses already being structured with a good degree of flexibility, has meant that large scale restructuring has been avoided thus far.

As a whole, fears of a more severe downturn did not materialise in 2009 and for the most part our businesses adapted well to the economic downturn. Significantly, our cash reserves continued to strengthen during the year, due to restraint in all areas of cash outflow, and the group remains in good shape to weather a prolonged downturn if necessary.

Piller Division

Piller Power Systems, the largest of our divisions, which is primarily based in Germany and produces power protection systems for data centres, aircraft ground power and naval military electrical systems, delivered the strongest performance of 2009. Demand across its principal market, banking and finance, was relatively resilient and there were significant project awards from major utilities and government bodies during the year.

continued

Chairman's Review (continued)

YEAR ENDED 31 DECEMBER 2009

Piller Division continued

Internet co-location was less buoyant, although some major projects did go ahead and others that were delayed are now slated for 2010. At €165 million, revenues were down by some 16% on the previous year and at a similar level to 2006 although operating profits fared better, down by approximately 9% on 2008 and again, similar to 2007. Expansion of Piller's Bilshausen facility, which we suspended in 2008 due to the economic crisis, was reviewed mid 2009 as planned and the building has now been completed. During the year the business was re-organised, such that business conducted in Germany and surrounding territories is now managed, as in other locations, through a dedicated sales company. A new Piller sales company has also been formed and an office opened in Singapore to manage business in that region. The central business is now known as Piller Group GmbH. Order intake strengthened notably in the last quarter and the division begins the new trading period with orders on hand of €91.4 million (2009: €80.7 million).

Claudius Peters Division

Claudius Peters division, also primarily based in Germany, which produces plant and machinery for the steel industry and the cement and other base material sectors, began 2009 with the strongest order book of all our divisions and therefore the most visibility, being comfortably loaded until the middle of the year. The second half was expected to be much more severe. However, strong demand, particularly from China averted the worst concerns and the division ended the year down approximately 14% in revenue terms at €141 million and 11% down in operating profits. The division goes into 2010 with €103.7 million in its order book (2009: €117.9 million), most of which is due for delivery in 2010.

ARO Division

ARO, our producer of welding equipment for the automotive industry based in France and the US was, not surprisingly, the hardest hit of our divisions. Revenues were down by almost 30% in 2009 on the previous year and around 50% on what they were in 2005, the problems besetting the automotive sector pre-dating the financial crisis and wider economic downturn. Following our acquisition of the loss-making ARO group in 2006, the business was re-structured in 2007 such that the division has been profitable throughout our stewardship, still managing to remain in positive territory despite arguably the most difficult trading conditions the industry has ever known. 2009 was particularly testing for ARO and the business responded admirably to its unique set of challenges, particularly so in the US which saw the most severe of the downturn; testimony not only to the quality of its management but also to the resilience of a business that is technologically without equal in the sector.

Other Businesses

Our other businesses had a mixed year: Bradman Lake, the loss making packaging machinery group we acquired in October 2007 and restructured in 2008, posted a healthy profit in 2009, despite the general malaise; Clarke Chapman, our specialist cranes producer also made a very solid contribution on revenues similar to the previous year, being mainly occupied in the nuclear sector. The business acquired the intellectual property of Butterley Engineering, a former competitor during the year. JND, however, fell well short of the mark in 2009 but did manage to remain the right side of break even, and finally, our small house building unit, which saw new homes sales almost dry up completely in 2009, diverted to building offices during the year, the first of which is now occupied by the group. This will allow the group's former premises to be demolished and the entire site redeveloped with a mixture of residential and commercial properties.

Outlook

There were signs of improvement across the group in the last quarter and December saw the strongest order intake since mid 2008. However, signs of economic recovery generally are at best patchy and may well yet fizzle out and there remains, in my view, a very real threat of the so-called "double dip". Personally I believe the world economic situation is just as serious as the one contemplated twelve months ago, in some ways more so. Concerted governmental efforts to stimulate the world economy certainly staved off a situation that would have been far more dire without such actions, but whether those actions have been successful in bringing about a sustainable recovery is by no means clear at the moment and scope for further pump priming must surely be limited, given the huge burdens already being carried.

Our People

As is the custom, no review of our group would be complete without mention of our many employees around the world who, through their hard work and commitment, make the group the success that it is today. 2009 has been particularly challenging for our managers and regrettably headcounts have had to be reduced in line with reduced demand. In many cases this has been achieved by not replacing positions as they have arisen naturally and, as mentioned earlier, by short-time working schemes that have avoided the need for more permanent dismissals which would otherwise have been necessary. However, some redundancies have been unavoidable and no matter how few, that is always regrettable.

Conclusion

2009 was a challenging year but on the whole, the group weathered the downturn and finished the year well, having built on an already strong opening position. I have long believed that a vital ingredient of any successful business is its ability to adapt and it follows that what defines a successful manager is the same. Just over a year ago our businesses braced themselves for the severest recession in a lifetime and looking to the results for 2009 it would be easy to say that the group has adapted to the current economic climate and to leave it there. To do that, I believe would be extremely dangerous, even foolish in the current climate. That said, 2009 has been a remarkably successful year on the whole and I look forward to 2010 with confidence, in the knowledge that the group is in good shape to face whatever challenges may present themselves.

Anthony J Langley

Chairman

1 February 2010

Directors' Report
YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2009.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 26. The profit attributable to shareholders for the financial year was €40,445,000 (31 December 2008 - €45,410,000).

Dividends of €5 per share were paid to the ordinary shareholders during the year (2008 - €16.23). No final dividend was proposed at the year end.

BUSINESS REVIEW

(a) Development performance and position

The Chairman's Review on pages 17 to 19 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the Group's performance. A risk assessment process is in place and is designed to identify, manage and mitigate business risks. However it is recognised that to identify, manage and mitigate risks is not the same as to eliminate them entirely. The Group ensures that it is not exposed to any downturn in its traditional trading sectors by continuing to diversify its activities, identifying opportunities for existing product offerings into new markets and for new products in all markets. The Group has a wide range of customers which limits exposure to any material loss of revenue. The Group's exposure to the volatility of exchange rates is mitigated through its geographical spread of operations.

(c) Key performance indicators (KPI's)

The Board uses a number of tools to monitor the Group's performance including a review of key performance indicators (KPI's) on a regular and consistent basis across the Group. Examples of KPI's currently used include:

Targets

- Regular monthly monitoring of as sold and developed contract margins
- Minimum return on capital being profit for the year as a percentage of equity of 25%
- Minimum return on sales being profit for the year as a percentage of sales of 8%

	2009	2008
Return on Capital	31%	39%
Return on Sales	16%	14%

The Board also considers the following non-financial key performance indicators:

- Staff turnover
- Orders in hand

This is reviewed monthly on information provided to the Board.

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2009

BUSINESS REVIEW (continued)

(d) Research and development

The Group is committed to innovation and technical excellence. Via its divisions, the Group maintains a programme of research and development to ensure that it remains at the forefront of respective technologies in its key sectors.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the engineering sector. The specific activities of the subsidiary undertakings are as disclosed in note 16 to the Accounts.

The Directors are satisfied with the trading results of the Group for the year. A review of the businesses of the Group is included in the Chairman's Review on pages 17 to 19.

EMPLOYMENT POLICY

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind and to training for the existing and likely needs of the business.

It is the Group's policy to keep its employees informed on matters affecting them and actively encourages their involvement in the performance of the Group.

FINANCIAL RISK MANAGEMENT

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements. Further details are set out in note 35 to the Accounts.

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2009

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. The average number of days' purchases included within trade creditors for the Group at the year end was 33 days (2008 – 32 days).

DIRECTORS' INTERESTS

The Directors of the Company in office during the year and their beneficial interests in the issued share capital of the Company were as follows:

	At 31 December 2009 Ordinary shares of £0.10 each	At 31 December 2008 Ordinary shares of £0.10 each
A J Langley (Chairman)	1,000,000	1,000,000
J J Langley (Non-Executive)	-	-
B A Watson	-	-

The shareholding of Mr A J Langley represents 100% of the issued share capital of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors’ Report (continued)

YEAR ENDED 31 DECEMBER 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors’ Report and the Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Accounts for each financial year. Under that law the Directors have elected to prepare the Accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit of the Group for that period. In preparing these Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the Accounts comply with IFRSs as adopted by the European Union;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 Accounts 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.

AUDITORS

A resolution to re-appoint Nexia Smith & Williamson LLP as auditors for the ensuring year will be proposed at the annual general meeting to be held on 4 February, 2010 in accordance with Section 485 of the Companies Act 2006. Nexia Smith & Williamson LLP have indicated their willingness to continue in office.

By order of the Board

B A WATSON
Company Secretary

1 February 2010

Independent Auditors' Report to the Members
YEAR ENDED 31 DECEMBER 2009

We have audited the Accounts of Langley Holdings plc for the year ended 31 December 2009 which comprise the consolidated Income Statement and Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 41. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Section 495 and 496 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 Statement of Directors' Responsibilities, set out on page 23, the Directors are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the Accounts 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 ACCOUNTS

A description of the scope of an audit of Accounts is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Independent Auditors' Report to the Members (continued)

YEAR ENDED 31 DECEMBER 2009

OPINION ON ACCOUNTS

In our opinion:

- the Accounts give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group Accounts have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Company Accounts have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Accounts 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 Accounts are prepared is consistent with the Accounts.

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Accounts 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.

Michael Neale,
Senior Statutory Auditor, for and on behalf of:
Nexia Smith & Williamson LLP,
Statutory Auditor,
Chartered Accountants,
Portwall Place,
Portwall Lane,
Bristol, BS1 6NA.

1 February 2010

Nexia Smith & Williamson

NEXIA INTERNATIONAL
www.nexia.com

Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2009

	Note	2009 €'000	2008 €'000
REVENUE	2	425,783	512,764
Cost of sales	3	(283,300)	(346,681)
GROSS PROFIT		142,483	166,083
Net operating expenses	3	(79,462)	(100,494)
OPERATING PROFIT	4	63,021	65,589
Finance income	6	2,996	5,028
Finance costs	7	(231)	(424)
PROFIT BEFORE TAXATION		65,786	70,193
Income tax expense	11	(25,341)	(24,783)
PROFIT FOR THE YEAR		40,445	45,410

All of the activities of the Group are classed as continuing. Profit for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 34 to 83 form part of these accounts

Consolidated Statement of Comprehensive Income
YEAR ENDED 31 DECEMBER 2009

	Note	2009 €'000	2008 €'000
Profit for the year		40,445	45,410
Other comprehensive income:			
Actuarial loss on defined benefit pension schemes	32	(1,424)	(213)
Deferred tax relating to gains	33	384	60
		(1,040)	(153)
Gain on revaluation of properties	15	460	-
Deferred tax on revaluation surplus	33	(129)	-
Other deferred tax movements	33	5	8
Exchange differences on translation of foreign operations		(1,787)	(5,678)
Net expense recognised directly in equity		(2,491)	(5,823)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		37,954	39,587

The notes on pages 34 to 83 form part of these accounts

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2009

		2009		2008	
	Note	**€'000**	**€'000**	**€'000**	**€'000**
NON-CURRENT ASSETS					
Intangible assets	14		2,830		3,038
Property, plant and equipment	15		54,351		51,111
Trade and other receivables	17		2,326		3,501
Deferred income tax assets	33		6,534		7,071
Income tax recoverable	18		96		1,439
			66,137		66,160
CURRENT ASSETS					
Inventories	19	49,650		69,044	
Trade and other receivables	21	84,609		98,733	
Cash and cash equivalents	22	193,610		150,529	
Current income tax recoverable	23	7,774		8,334	
		335,643		326,640	
CURRENT LIABILITIES					
Current portion of long term borrowings	28	171		962	
Current income tax liabilities	26	7,976		6,519	
Short term borrowings	27	25		9,188	
Trade and other payables	24	128,706		148,589	
Provisions	25	22,305		19,327	
		159,183		184,585	
NET CURRENT ASSETS			176,460		142,055
Total assets less current liabilities			242,597		208,215
NON-CURRENT LIABILITIES					
Provisions	25	3,950		5,475	
Long term borrowings	29	220		769	
Trade and other payables	30	5,483		6,002	
Retirement benefit obligations	32	8,510		9,259	
Non-current income tax liability	31	-		202	
Deferred income tax liabilities	33	11,735		6,763	
			29,898		28,470
NET ASSETS			212,699		179,745
EQUITY					
Share capital	37		163		163
Revaluation reserve	38		3,198		2,965
Retained earnings	39		209,338		176,617
TOTAL EQUITY			212,699		179,745

Approved by the Board of Directors on 1 February 2010 and signed on its behalf by

A J LANGLEY

Director . . . .

J J LANGLEY

Director . . . .

The notes on pages 34 to 83 form part of these accounts

Consolidated Statement of Changes in Equity
YEAR ENDED 31 DECEMBER 2009

	Share capital €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
AT 1 JANUARY 2008	163	3,136	153,089	156,388
Profit for the year	-	-	45,410	45,410
Dividends paid	-	-	(16,230)	(16,230)
Depreciation transfer	-	(145)	153	8
Currency exchange differences arising on retranslation	-	(26)	(5,652)	(5,678)
Actuarial losses on defined benefit schemes net of deferred tax	-	-	(153)	(153)
AT 31 DECEMBER 2008	163	2,965	176,617	179,745
Profit for the year	-	-	40,445	40,445
Dividends paid	-	-	(5,000)	(5,000)
Revaluation of property, plant and equipment net of deferred tax	-	331	-	331
Depreciation transfer	-	(103)	108	5
Currency exchange differences arising on retranslation	-	5	(1,792)	(1,787)
Actuarial losses on defined benefit schemes net of deferred tax	-	-	(1,040)	(1,040)
AT 31 DECEMBER 2009	163	3,198	209,338	212,699

The notes on pages 34 to 83 form part of these accounts

LANGLEY

Company Statement of Financial Position

AS AT 31 DECEMBER 2009

		2009		2008	
	Note	**€'000**	**€'000**	**€'000**	**€'000**
NON-CURRENT ASSETS					
Property, plant and equipment	15		6,885		1,855
Investments	16		6,415		5,838
			13,300		7,693
CURRENT ASSETS					
Inventories	19	11		-	
Trade and other receivables	21	25,823		14,015	
Cash and cash equivalents	22	48,306		7,950	
		74,140		21,965	
CURRENT LIABILITIES					
Trade and other payables	24	14,699		36,148	
Current portion of long term borrowings	28	-		681	
Current income tax payable	26	1,124		-	
		15,823		36,829	
NET CURRENT ASSETS/(LIABILITIES)			58,317		(14,864)
Total assets less current liabilities			71,617		(7,171)
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	33	63		85	
			63		85
NET ASSETS/(LIABILITIES)			71,554		(7,256)
EQUITY					
Share capital	37		163		163
Revaluation reserve	38		61		63
Retained earnings	39		71,330		(7,482)
TOTAL EQUITY			71,554		(7,256)

Approved by the Board of Directors on 1 February 2010 and signed on its behalf by

A J LANGLEY
Director . . . .

J J LANGLEY
Director . . . .

The notes on pages 34 to 83 form part of these accounts

Company Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2009

	Share capital €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
AT 1 JANUARY 2008	163	98	11,500	11,761
Loss for the year	-	-	(3,425)	(3,425)
Dividends paid	-	-	(16,230)	(16,230)
Depreciation transfer	-	(10)	18	8
Currency exchange differences arising on retranslation	-	(25)	655	630
AT 31 DECEMBER 2008	163	63	(7,482)	(7,256)
Profit for the year	-	-	85,217	85,217
Dividends paid	-	-	(5,000)	(5,000)
Depreciation transfer	-	(9)	14	5
Currency exchange differences arising on retranslation	-	7	(1,419)	(1,412)
AT 31 DECEMBER 2009	163	61	71,330	71,554

The notes on pages 34 to 83 form part of these accounts

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2009

		2009		2008	
	Note	€'000	€'000	€'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	41		82,080		85,236
Bank and loan interest paid			(231)		(424)
Interest received			2,996		5,028
Income taxes paid			(16,666)		(23,615)
NET CASH FROM OPERATING ACTIVITIES			68,179		66,225
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of intangible assets		(3)		(63)	
Purchase of property, plant and equipment		(10,022)		(5,234)	
Proceeds from sale of property, plant and equipment		430		267	
NET CASH USED IN INVESTING ACTIVITIES			(9,595)		(5,030)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issue of new loans		-		670	
Repayment of amounts borrowed		(659)		(2,085)	
Net pension scheme loan repayments		(681)		(1,953)	
Dividends paid to the shareholder		(5,000)		(16,230)	
NET CASH USED IN FINANCING ACTIVITIES			(6,340)		(19,598)
Net increase in cash and cash equivalents			52,244		41,597
Cash and cash equivalents at 1 January 2009			141,341		99,744
Cash and cash equivalents at 31 December 2009			193,585		141,341
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	22		193,610		150,529
Bank overdraft	27		(25)		(9,188)
Cash total			193,585		141,341

The notes on pages 34 to 83 form part of these accounts

Company Statement of Cash Flows
YEAR ENDED 31 DECEMBER 2009

	Note	2009 €'000	2009 €'000	2008 €'000	2008 €'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash (used in)/generated from operations	41		(34,333)		20,327
Interest paid			(833)		(1,918)
Interest received			788		519
Income taxes received			25		-
NET CASH (USED IN)/FROM OPERATING ACTIVITIES			(34,353)		18,928
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		85,818		-	
Purchase of property, plant and equipment		(5,415)		(504)	
Proceeds from sale of property, plant and equipment		22		55	
Purchase of subsidiary undertakings		(35)		-	
NET CASH FROM/(USED IN) INVESTING ACTIVITIES			80,390		(449)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net pension scheme loan repayments		(681)		(1,272)	
Dividends paid to the shareholder		(5,000)		(16,230)	
NET CASH USED IN FINANCING ACTIVITIES			(5,681)		(17,502)
Net increase in cash and cash equivalents			40,356		977
Cash and cash equivalents at 1 January 2009			7,950		6,973
Cash and cash equivalents at 31 December 2009			48,306		7,950
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	22		48,306		7,950

The notes on pages 34 to 83 form part of these accounts

Notes to the Accounts
YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

a Basis of preparation

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in European Union applied in accordance with the provisions of the Companies Act 2006.

The Accounts have been prepared on a historical cost basis, except for the revaluation of property, plant and equipment.

The following revised standards relevant to the Group's operations became mandatory in this financial year:

- **IAS 1, Presentation of Financial Statements (revised)**
  This has changed the presentation of the primary financial statements to the format included on pages 26 to 33.
- **Amendment to IFRS 7, Financial Instruments: Disclosures**
  This amendment became mandatory during the current period but has not had any impact on disclosures.

The following new standards, amendments and interpretations have been issued but are not yet effective and have not been adopted early by the Group:

- **IFRS 3, Business Combinations (revised)**
  This is mandatory for accounts periods beginning on or after 1 July 2009. This has revised several significant areas in accounting for acquisitions. The Group is presently reviewing the impact of this on the presentation of the accounts.
- **IAS 27, Consolidation and Separate Financial Statements (amended)**
  This is mandatory for accounts periods beginning on or after 1 July 2009. This has revised the accounting for changes in the parent's ownership interest in a subsidiary following the revision to IFRS 3 (see above).

The following new standards, amendments and interpretations have become effective in this financial year but are not relevant to the Group's operations:

- **IFRS 8, Operating segments**
  This is not mandatory for non listed companies and the Group does not intend to adopt this standard.

The Group does not consider that any other Standards or Interpretations in issue, but not yet applicable, will have a significant impact on its Accounts.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

b Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings for the year ended 31 December 2009 using the purchase method and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition. Any excess or deficiency between the cost of acquisition and fair value is treated as positive or negative goodwill as described below. Where subsidiary undertakings are acquired or disposed of during the year, the results and turnover are included in the Consolidated Income Statement from, or up to, the date control passes.

The Company has taken advantage of the exemption granted by Section 480 of the Companies Act 2006 from presenting its own Income Statement (note 13).

c Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is recognised as an asset at cost and reviewed for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not reversed in subsequent years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is credited to the Consolidated Income Statement in the year of acquisition.

d Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The amortisation charged on those intangible assets that do not have an indefinite useful life is calculated as follows:

Patents and licenses - 2–10 years

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

e Property, plant and equipment

Property, plant and equipment is stated at cost of purchase or valuation, net of depreciation and any impairment provision.

Freehold land	-	not depreciated
Freehold buildings	-	50 years straight line
Vehicles	-	4 to 10 years straight line
Plant and machinery	-	4 to 20 years straight line
Computers	-	3 to 8 years straight line

Revaluations of land and buildings are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the year end.

f Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Borrowings

Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest method.

Trade payables

Trade payables are non-interest bearing and are initially measured at their fair value and subsequently at their amortised cost.

g Investments

Investments represent the Parent Company's holdings in its subsidiaries and are presented as non current assets and stated at cost less any impairment in value. Any impairment is charged to the Company Income Statement.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

h Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and consumables	-	cost of purchase on first in, first out basis
Finished goods	-	cost of raw materials and labour together with attributable overheads
Work in progress	-	contract costs in connection with future activity, being cost of raw materials
Property for resale	-	cost of raw materials and labour together with attributable overheads

Net realisable value is based on estimated selling price less further costs to completion and disposal.

i Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to either the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract, or by reference to milestone conditions as defined in the contracts as appropriate to the circumstances of the particular contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion and are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

j Taxes

Tax expense represents the sum of the income tax currently payable and deferred income tax.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Accounts. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

k Foreign currencies

(a) Transactions and balances

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(b) Accounts of overseas operations

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the year end. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to a separate component of equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

l Revenue recognition

Revenue from sales of goods is recognised when the Group has delivered the products and the customer has accepted them, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts.

m Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks and similar financial institutions with a maturity of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Consolidated Statement of Financial Position.

n Pension obligations

Group companies operate various pension schemes that are funded and unfunded. The funded schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The surplus or liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the year end less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

n Pension obligations (continued)

Actuarial gains and losses arising are recognised in full in the period in which they occur in the Consolidated Statement of Comprehensive Income.

For defined contribution plans, contributions are recognised as an employee benefit expense when they are due.

o Leased assets

All leases are treated as "operating leases" and the relevant annual rentals are charged to the Consolidated Income Statement on a straight line basis over the lease term.

p Government grants

Government grants received to fund training of employees are credited to the Consolidated Income Statement in the period received.

q Dividend policy

Dividend distribution to the Company's Shareholder is recognised as a liability in the Group's Accounts in the period in which the dividends are approved by the Company's Shareholder.

r Key assumptions and significant judgements

The preparation of the Accounts in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Accounts. The areas where the most judgement is required are highlighted below:

i Pensions

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 10 for further details.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

r Key assumptions and significant judgements (continued)

ii Property, plant and equipment

The property, plant and equipment used in the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset. Asset lives are reviewed regularly and changed where necessary to reflect the current view on their remaining lives in light of the technological change, prospective economic utilisation and the physical condition of the assets.

iii Revenue recognition

Revenue and profit are recognised for contracts undertaken based on estimates of the stage of completion of the contract activity. The Group's policies for the recognition of revenue and profit are set out above.

iv Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

v Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 11 and 33 for further information.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

2 REVENUE

An analysis of the Group's revenue between each significant category is as follows:

	2009	2008
	€'000	**€'000**
Revenue from construction contracts	120,605	146,429
Sales of goods	305,178	366,335
	425,783	512,764

3 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	2009	2008
	€'000	**€'000**
Cost of sales	283,300	346,681
Distribution costs	20,079	20,343
Administrative expenses	62,519	82,094
Other operating income (note 5)	(3,136)	(1,943)
Net operating expenses	79,462	100,494

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

4 OPERATING PROFIT

		2009	2008
		€'000	**€'000**
Operating profit has been arrived at after charging:			
Directors' emoluments (note 8)		966	999
Depreciation of owned assets (note 15)		7,160	7,795
Impairment of intangibles (note 14)		178	193
Impairment of property, plant and equipment (note 15)		14	-
Research and development costs		114	6,173
Loss on sale of property, plant and equipment		32	23
Auditors' remuneration			
	- the auditing of Parent Company and Consolidated Accounts of associates pursuant to legislation	101	95
	- the auditing of Subsidiary Accounts pursuant to legislation	549	621
	- other services relating to corporate finance	22	11
	- other services relating to taxation	302	366
	- all other services	62	37
Operating leases	- land and buildings	2,743	2,718
	- other	525	682
Impairment of trade receivables		146	415
Cost of inventories recognised as an expense (included in cost of sales)		164,279	214,809
Write down of inventories		3,271	2,814
Net loss on foreign currency translation		-	2,725
And after crediting:			
Profit on sale of property, plant and equipment		10	33
Net profit on foreign currency translation		2,882	-

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

5 OTHER OPERATING INCOME

	2009	2008
	€'000	**€'000**
Royalties receivable	-	13
Public grants	96	98
Insurance refunds	-	187
Rents receivable	295	-
Other income	2,745	1,645
	3,136	1,943

Other income represents various items each individually below €100,000.

6 FINANCE INCOME

	2009	2008
	€'000	**€'000**
Bank interest receivable	2,878	4,855
Other interest receivable	118	173
	2,996	5,028

7 FINANCE COSTS

	2009	2008
	€'000	**€'000**
Interest payable on bank borrowings repayable within five years	41	111
Pension scheme loan interest	50	79
Other interest	140	234
	231	424

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

8 KEY MANAGEMENT PERSONNEL COMPENSATION

	2009	2008
	€'000	**€'000**
Salaries and short-term employee benefits	949	986
Post-employment benefits	17	13
	966	999

All of the above key management personnel compensation relates to Directors:

Directors' emoluments

	2009	2008
	€'000	**€'000**
Aggregate emoluments as Directors of the Company	949	986
Value of Group pension contributions to money purchase schemes	17	13
	966	999
Emoluments of the highest paid Director	512	602
	No	**No**
Number of Directors who are accruing benefits under money purchase pension schemes	2	2

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

9 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2009	2008
	No	**No**
Management, office and sales	994	1,053
Manufacturing and direct labour	1,270	1,346
	2,264	2,399

The aggregate payroll costs of these persons were as follows:

	2009	2008
	€'000	**€'000**
Wages and salaries	95,721	110,749
Social security costs	20,755	21,814
Other pension costs	1,913	1,509
	118,389	134,072

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES

(a) Pension schemes operated

The Group operates four pension schemes in the United Kingdom: a self administered scheme for A J Langley and J J Langley; a scheme which provides defined benefits for certain employees of Piller (UK) Limited ("the defined benefits scheme"); a scheme which provides defined benefits in respect of pre 1 April 1991 service and defined contribution benefits in respect of post 1 April 1991 service (the "hybrid scheme") for certain employees in the 'Jenkins Newell Dunford Group of Companies' and 'Clarke Chapman Group of Companies', and a defined contribution scheme for certain other employees within these 'groups'. The Group contributed to other personal defined contribution schemes of various employees.

The total cost charged to income includes €81,000 (2008 - €91,000) representing contributions payable to the defined contribution schemes and the defined contribution section of the hybrid scheme by the Group at rates specified in the rules of the scheme. As at 31 December 2009 there were no contributions (2008 - €nil) due in respect of the current reporting period that had not been paid over to the scheme.

The Group operates overseas pension schemes which are unfunded defined benefits schemes ("the unfunded schemes") for certain employees of Claudius Peters Technologies GmbH, Claudius Peters Technologies SA, ARO Welding Technologies GmbH and ARO Welding Technologies SAS.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes

The amounts recognised in the Income Statement are as follows:

	2009 €'000	2008 €'000
Current service cost	(1)	167
Interest cost on benefit obligations	521	577
Group life premiums	4	22
Expected return on schemes assets	(512)	(630)
Net benefit expense (included in staff costs)	12	136

	2009 €'000	2008 €'000
Actual return on schemes' assets	1,345	(1,222)

The amounts recognised in the Statement of Financial Position are as follows:

	2009 €'000	2008 €'000
Present value of funded obligations	(9,218)	(7,488)
Fair value of schemes assets	10,594	7,551
Net asset	1,376	63
Surplus not recoverable	(364)	(144)
Net actuarial losses unrecognised by pension scheme	(1,496)	(201)
UK Defined Benefit Scheme retirement benefit obligation (note 32)	(484)	(282)
Cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income	1,772	348

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

Changes in the present value of the funded defined benefit obligations are as follows:

	2009	2008
	€'000	**€'000**
Opening defined benefit obligations	(7,488)	(10,705)
Current service cost	1	(167)
Interest cost	(521)	(577)
Actuarial (losses)/gains	(742)	1,270
Employee contributions	(24)	(108)
National Insurance rebates	(36)	(39)
Benefits paid	281	309
Exchange differences	(689)	2,529
Closing defined benefit obligations	(9,218)	(7,488)

	2009	2008
	€'000	**€'000**
Obligations in defined benefits scheme	(7,390)	(5,963)
Obligations in hybrid scheme	(2,192)	(1,726)
Net actuarial loss unrecognised by scheme	364	201
	(9,218)	(7,488)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

Changes in the fair value of schemes' assets are as follows

	2009	2008
	€'000	**€'000**
Opening fair value of scheme's assets	7,551	11,283
Expected return on assets	513	630
Actuarial gains/(losses)	833	(1,851)
Contributions by employees	24	108
Contributions by employers	1,234	305
Group life premiums	(4)	(22)
National Insurance rebates	36	-
Benefits paid	(281)	(309)
Exchange differences	688	(2,593)
Closing fair value of scheme's assets	10,594	7,551

	2009	2008
	€'000	**€'000**
Fair value of assets in defined benefits scheme	8,522	5,906
Fair value of assets in hybrid scheme	2,072	1,645
	10,594	7,551

The Group expects to contribute €220,000 to the defined benefit pension scheme and the defined benefit section of the hybrid scheme in 2010.

The major categories of the scheme assets as a percentage of the fair value of total scheme assets are as follows:

	2009	2008
Equity instruments	27.6%	28.3%
Diversified growth fund	18.5%	16.3%
Debt instruments	31.3%	31.0%
Gilts	18.7%	20.5%
Other	3.9%	4.0%

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

The principal assumptions used in determining the funded pension benefit obligations for the Group's schemes are shown below:

	Defined benefits scheme 2009	Hybrid scheme 2009	Defined benefits scheme 2008	Hybrid scheme 2008
Discount rate	5.95%	5.70%	6.40%	6.40%
Expected rate of return on assets				
- equity investments	7.85%	4.70%	7.30%	4.70%
- diversified growth fund	7.85%	-	7.30%	-
- debt investments	5.75%	2.70%	6.40%	2.70%
- gilts	4.60%	-	4.00%	-
- other	0.25%	2.70%	1.50%	2.70%
- weighted average	6.40%	3.85%	6.10%	3.80%
Future salary increases	5.00%	4.60%	4.40%	4.10%
Price inflation	3.55%	3.60%	2.90%	3.10%
Future pension increases:				
Overall increase	-	3.60%	-	3.10%
Guaranteed minimum pensions	2.65%	-	2.40%	-
1995 to 2005 excess over guaranteed minimum pensions	3.45%	-	2.10%	-
Post 2005 pensions	2.30%	-	2.10%	-

UK mortality assumptions

The mortality trends of both the defined benefits scheme and the hybrid scheme were assessed at 31 December 2009 by the respective actuaries using the mortality tables PA00 with medium cohort improvement. The Directors consider that, statistically, this table give the best indication of the life expectancy of pension scheme members taking into account their employment history, lifestyle and job location.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

UK mortality assumptions (continued)

The mortality assumptions adopted imply the following life expectancies:

		2009 In years	2008 In years
Retiring at 65 at reporting date	- male	22	22
	- female	25	25
Retiring at 65 at reporting date + 25 years	- male	24	23
	- female	27	26

Expected rates of return on the schemes' assets are based on consistent assumptions with the previous year adjusted to reflect changes in market conditions since that date.

Defined benefits scheme

Amounts for the current and previous periods are as follows:

	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Defined benefit obligation	(7,390)	(5,963)	(8,749)	(9,270)	(8,595)
Scheme assets	8,522	5,906	8,614	9,020	8,284
Surplus/(deficit)	1,132	(57)	(135)	(250)	(311)
Experience adjustments on scheme liabilities	436	(1,042)	(731)	(133)	-
Experience adjustments on scheme assets	581	(1,271)	(294)	(28)	844

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

Hybrid scheme

Amounts for the current and previous periods are as follows:

	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Defined benefit obligation	(2,192)	(1,726)	(2,473)	(2,955)	(2,713)
Scheme assets	2,072	1,645	2,669	2,876	1,528
(Deficit)/surplus	(120)	(81)	196	(79)	(1,185)
Experience adjustments on scheme liabilities	306	(228)	(274)	106	3
Experience adjustments on scheme assets	252	(580)	(31)	89	93

(c) Overseas unfunded defined benefits schemes

The amounts recognised in the income statement are as follows:

	2009 €'000	2008 €'000
Benefit expense (included in staff costs)	(305)	(872)

	2009 €'000	2008 €'000
Opening defined benefit obligations	(8,977)	(8,825)
Utilised in year	37	39
Provided in year	-	(288)
Released in year	890	-
Reclassification	9	-
Other movement	25	77
Exchange rate adjustments	(10)	20
Closing defined benefit obligations (note 32)	(8,026)	(8,977)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

10 RETIREMENT BENEFIT SCHEMES (continued)

(c) Overseas unfunded defined benefits schemes (continued)

The principal assumptions used in determining the pension benefit obligations for the unfunded scheme are shown below:

	Claudius Peters Group Scheme	
	2009	2008
Discount rate	5.50%	6.00%
Future salary and pension increases	1.75%	2.25%
Future pension increases: guaranteed rate for certain members	3.00%	3.00%

The obligations for the ARO Group scheme were determined using a discount rate of 3.59% (2008 – 3.38%).

Amounts for the current and previous four periods are as follows:

	2009	2008	2007	2006	2005
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Defined benefit obligation	(8,026)	(8,977)	(8,825)	(10,077)	(8,313)

(d) Reconciliation to Consolidated Statement of Financial Position

Note 32 contains a reconciliation of the retirement obligations to the Consolidated Statement of Financial Position.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

11 INCOME TAX EXPENSE

(a) Charge for the year

	2009	2008
	€'000	**€'000**
Current income tax:		
UK corporation tax at 28% (2008 - 28%)	3,552	3,000
Overseas tax	18,043	15,968
Adjustments to prior year UK tax	(1,730)	(70)
Adjustments to prior year overseas tax	(301)	546
Total current taxation	19,564	19,444
Deferred income tax:		
Movement in overseas deferred tax	5,794	5,381
Movement in UK deferred tax	97	(42)
Adjustments to prior year UK deferred tax	(114)	-
Total deferred taxation	5,777	5,339
Income tax expense	25,341	24,783

(b) Factors affecting tax expense

	2009	2008
	€'000	**€'000**
Profit before taxation	65,786	70,193
Profit before taxation multiplied by the standard rate of tax of 28% (2008 - 28%)	18,420	19,654
Depreciation in excess of capital allowances	(470)	348
Expenses not deductible for tax purposes	1,881	1,346
Timing differences	4,226	(1,360)
Income not taxable	-	88
Foreign tax adjustments	5,134	3,395
Utilisation of losses brought forward	(3,017)	501
Losses carried forward	1,311	76
Exchange adjustment	1	259
Adjustment to tax charge in previous period	(2,145)	476
Tax expense	25,341	24,783

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

11 INCOME TAX EXPENSE (continued)

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €13,000,000 at 31 December 2009 (2008 - €14,000,000) available for carry forward against future trading profits. In addition the Claudius Peters GmbH Group had overseas tax losses of approximately €4,067,000 at 31 December 2009 (2008 - €3,844,000) available for carry forward against future trading profits of that Group, and Piller Group had overseas tax losses of approximately €549,000 at 31 December 2009 (2008 - €6,497,000) available for carry forward against future trading profits of that Group.

The ARO Group had overseas tax losses of approximately €729,000 at 31 December 2009 (2008 - €743,000) available for carry forward against future trading profits of that Group.

12 DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2009	2008
	€'000	**€'000**
Interim: paid of €5 per share (2008 - €16.23 per share)	5,000	16,230

No final dividend has been proposed.

13 COMPANY PROFIT

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 whereby no individual Income Statement of the Company is disclosed. The Company's profit for the financial year amounted to €85,217,000 (2008 - loss of €3,425,000).

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

14 INTANGIBLE ASSETS

GROUP

	Positive Goodwill €'000	Patents and Licences €'000	Total €'000
Cost			
At 1 January 2009	1,948	2,722	4,670
Additions	-	3	3
Disposals	-	(25)	(25)
Exchange adjustment	3	(72)	(69)
At 31 December 2009	1,951	2,628	4,579
Aggregate impairment and amortisation			
At 1 January 2009	-	1,632	1,632
Disposals	-	(25)	(25)
Amortisation charge for the year	-	178	178
Exchange adjustment	-	(36)	(36)
At 31 December 2009	-	1,749	1,749
Net book values			
At 31 December 2009	1,951	879	2,830
At 31 December 2008	1,948	1,090	3,038
Cost			
At 1 January 2008	1,948	2,771	4,719
Additions	-	63	63
Disposals	-	(307)	(307)
Exchange adjustment	-	195	195
At 31 December 2008	1,948	2,722	4,670
Aggregate impairment and amortisation			
At 1 January 2008	-	1,623	1,623
Disposals	-	(307)	(307)
Amortisation charge for the year	-	193	193
Exchange adjustment	-	123	123
At 31 December 2008	-	1,632	1,632
Net book values			
At 31 December 2008	1,948	1,090	3,038
At 31 December 2007	1,948	1,148	3,096

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

15 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2009	54,414	70,256	8,330	15,673	148,673
Additions	7,724	1,244	781	273	10,022
Revaluation	460	-	-	-	460
Disposals	(465)	(506)	(244)	(645)	(1,860)
Impairments	-	(19)	-	-	(19)
Reclassification	684	(689)	-	8	3
Exchange adjustments	11	309	525	132	977
At 31 December 2009	62,828	70,595	9,392	15,441	158,256
Depreciation					
At 1 January 2009	27,108	53,538	3,201	13,715	97,562
Charge for the year	1,179	3,643	1,409	929	7,160
Disposals	(141)	(468)	(177)	(622)	(1,408)
Impairments	-	(5)	-	-	(5)
Reclassification	-	(5)	-	7	2
Exchange adjustments	8	252	207	127	594
At 31 December 2009	28,154	56,955	4,640	14,156	103,905
Net book amounts					
At 31 December 2009	34,674	13,640	4,752	1,285	54,351
At 31 December 2008	27,306	16,718	5,129	1,958	51,111

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

15 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP (continued)

	Freehold land & buildings €'000	Leasehold improvements €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation						
At 1 January 2008	54,591	203	69,538	9,414	18,019	151,765
Additions	141	-	3,163	1,212	718	5,234
Disposals	-	(153)	(1,631)	(524)	(2,699)	(5,007)
Reclassification	(24)	-	23	-	(2)	(3)
Exchange adjustments	(294)	(50)	(837)	(1,772)	(363)	(3,316)
At 31 December 2008	54,414	-	70,256	8,330	15,673	148,673
Depreciation						
At 1 January 2008	26,034	203	51,593	2,889	15,479	96,198
Charge for the year	1,098	-	4,103	1,376	1,218	7,795
Disposals	-	(153)	(1,514)	(401)	(2,671)	(4,739)
Reclassification	(4)	-	(48)	-	50	(2)
Exchange adjustments	(27)	(50)	(596)	(663)	(361)	(1,690)
At 31 December 2008	27,108	-	53,538	3,201	13,715	97,562
Net book amounts						
At 31 December 2008	27,306	-	16,718	5,129	1,958	51,111
At 31 December 2007	28,557	-	17,945	6,525	2,540	55,567

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

15 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2009	625	1,906	1,323	359	4,213
Additions	5,272	33	110	-	5,415
Disposals	-	-	(142)	-	(142)
Foreign currency exchange differences	34	177	123	32	366
At 31 December 2009	5,931	2,116	1,414	391	9,852
Depreciation					
At 1 January 2009	-	1,407	597	354	2,358
Disposals	-	-	(100)	-	(100)
Charge for the year	71	143	274	6	494
Foreign currency exchange differences	-	130	54	31	215
At 31 December 2009	71	1,680	825	391	2,967
Net book amounts					
At 31 December 2009	5,860	436	589	-	6,885
At 31 December 2008	625	499	726	5	1,855

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

15 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY (continued)

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2008	652	2,466	1,630	1,135	5,883
Additions	134	69	272	29	504
Disposals	-	(18)	(174)	(524)	(716)
Foreign currency exchange differences	(161)	(611)	(405)	(281)	(1,458)
At 31 December 2008	625	1,906	1,323	359	4,213
Depreciation					
At 1 January 2008	-	1,719	619	1,101	3,439
Disposals	-	(14)	(128)	(522)	(664)
Charge for the year	-	155	315	58	528
Foreign currency exchange differences	-	(453)	(209)	(283)	(945)
At 31 December 2008	-	1,407	597	354	2,358
Net book amounts					
At 31 December 2008	625	499	726	5	1,855
At 31 December 2007	652	747	1,011	34	2,444

The gross value of land and buildings and plant and machinery is stated at:

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Freehold land and buildings				
Existing use open market value 2009	770	-	-	-
Existing use open market value 2007	4,392	4,392	-	-
Existing use open market value 2006	6,800	6,800	-	-
Existing use open market value 2004	515	471	515	471
Existing use open market value 2002	1,524	1,524	-	-
Cost	48,827	41,227	5,416	154
	62,828	54,414	5,931	625
Plant and machinery				
Existing use value 1998	602	551	602	551
Existing use value 2000	1,244	1,138	1,244	1,138
Cost	68,749	68,567	270	217
	70,595	70,256	2,116	1,906

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

15 PROPERTY, PLANT AND EQUIPMENT (continued)

All other assets are stated at historical cost.

If these assets had not been revalued they would have been included at the following historical cost amounts:

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Freehold land and buildings				
Cost	59,926	51,972	5,569	412
Aggregate depreciation	27,032	26,033	68	-
Plant and machinery				
Cost	73,738	73,380	3,047	2,758
Aggregate depreciation	57,970	54,484	1,985	1,686

Revaluation of non-current assets

At 2 June 2009, the land and buildings at the Beccles division of Bradman Lake Limited were revalued by Lambert Smith Hampton, Chartered Surveyors to €770,000 with a surplus of €460,000 included in the revaluation reserve.

Capital commitments

The Group had capital commitments of €124,000 at 31 December 2009 (2008 - €4,549,000) which were authorised and contracted for.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

16 NON-CURRENT INVESTMENTS

	Company Shares in group undertakings €'000
COST	
At 1 January 2009	5,838
Additions	35
Exchange adjustment	542
At 31 December 2009	6,415
Carrying amount	
At 31 December 2009	6,415
At 31 December 2008	5,838

	Company Shares in group undertakings €'000
COST	
At 1 January 2008	7,760
Exchange adjustment	(1,922)
At 31 December 2008	5,838
Carrying amount	
At 31 December 2008	5,838
At 31 December 2007	7,760

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2009:

Company	**Country of Registration**	**Principal Activity**
The Clarke Chapman Group Limited	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment.
Clarke Chapman Aftermarket Limited	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment.
JND Technologies Limited	England	Design, manufacture and refurbishment of process plant, road tankers and cementitious grouts.
Langley Homes Limited	England	House builders.
Claudius Peters Group GmbH	Germany	Parent company (see below).
Pressure Engineering International Limited	England	Manufacture of process plant and equipment, steel structures, heat exchangers, tankage and pressure vessels.
Sail Cruising Limited	Antigua	Yacht charter.
Langley Aviation Limited	England	Aircraft transport.
ARO Welding Technologies SAS	France	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies Inc	United States of America	
Bradman Lake Group Limited	England	Dormant holding company (see below).
Retford Investments LLC	United States of America	Holder of real estate for other group companies.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2009 of ARO Welding Technologies SAS:

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB	Sweden	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO WeldingTechnologies SA de CV	Mexico	
ARO Welding Technologies SAU	Spain	
ARO Welding Technologies Limited	England	
ARO Welding Technologies SA-NV	Belgium	
ARO Welding Technologies s.r.o	Slovak Republic	
ARO Welding Technologies GmbH	Germany	
ARO Welding Technologies (Wuhan) Ltd	China	

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Group GmbH at 31 December 2009 and are registered as indicated:

Company	Country of Registration	Principal Activity
Claudius Peters Technologies GmbH	Germany	All of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment. Claudius Peters Technologies GmbH is also involved in aerospace components manufacture.
Claudius Peters Projects GmbH	Germany	
Claudius Peters Technologies SA	France	
Claudius Peters (Italiana) srl	Italy	
Claudius Peters (Iberica) SA	Spain	
Claudius Peters (China) Limited	Hong Kong	
Claudius Peters (UK) Limited	England	
Claudius Peters (Americas) Inc	United States of America	
Claudius Peters (do Brasil) Ltda	Brazil	
Claudius Peters (Romania) srl	Romania	
Claudius Peters (Beijing) Machinery Services Limited	China	
Claudius Peters (India) Pvt. Limited	India	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Technologies GmbH at 31 December 2009 and are registered as indicated:

Company	Country of Registration	Principal Activity
Piller Germany GmbH & Co KG	Germany	See below
Piller Group GmbH	Germany	
Piller Dynasine GmbH	Germany	

The following companies are wholly owed unlisted trading subsidiaries of Piller Group GmbH at 31 December 2009 and are registered as indicated:

Company	Country of Registration	Principal Activity
Piller Australia Pty Limited	Australia	All of the companies are involved in producing electrical machinery, specialising in high capacity uninterruptible power supply (UPS) systems. The Group is also involved in the production of converters for aircraft ground power and naval military applications.
Piller France SAS	France	
Piller USA Inc	United States of America	
Piller UK Limited	England	
Piller Italia srl	Italy	
Piller Iberica SL	Spain	
Piller Power Singapore Pte. Limited	Singapore	

The following companies are wholly owned unlisted trading subsidiaries of The Clarke Chapman Group Limited at 31 December 2009:

Company	Country of Registration	Principal Activity
Clarke Chapman Manufacturing Limited	England	Provision of manufacturing services.
Clarke Chapman Engineering Services Limited	Ireland	Provision of facilities management services.
Clarke Chapman Facilities Management Limited	England	Provision of facilities management services.
Clarke Chapman Machining Limited	England	Provision of machining services.

The following companies are wholly owned unlisted trading subsidiaries of Bradman Lake Group Limited, at 31 December 2009 and are registered as indicated:

Company	Country of Registration	Principal Activity
Bradman Lake Limited	England	All of the companies are involved in the design and manufacture of packaging equipment.
Bradman Lake Inc	United States of America	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

17 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2009	2008
	€'000	**€'000**
Other receivables	515	1,260
VAT recoverable	14	181
Pension scheme prepayment	1,797	2,060
	2,326	3,501

18 NON-CURRENT INCOME TAX RECOVERABLE

	Group	
	2009	2008
	€'000	**€'000**
Income tax	96	1,439

19 INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	22,840	30,420	11	-
Work in progress	23,045	26,861	-	-
Finished goods	3,765	11,763	-	-
	49,650	69,044	11	-

20 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the year end:

	Group	
	2009	2008
	€'000	**€'000**
Amounts due from contract customers included in trade and other receivables (note 21)	7,671	14,385
Amounts due to contract customers included in trade and other payables (note 24)	(1,120)	(692)
	6,551	13,693
Contract costs incurred plus recognised profit less recognised losses to date	74,470	97,609
Less: Progress billings	(67,919)	(83,916)
	6,551	13,693

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

21 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	54,668	63,477	65	45
Retentions	4,080	3,943	-	-
Amounts recoverable on construction contracts	7,671	14,385	-	-
Amounts owed by Group undertakings	-	-	24,825	13,210
Other receivables	14,561	12,075	750	675
VAT recoverable	1,469	2,856	151	63
Prepayments and accrued income	2,160	1,997	32	22
	84,609	98,733	25,823	14,015

For terms and conditions relating to related party receivables, refer to note 36.

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Group	
	2009	2008
	€'000	**€'000**
Balance at beginning of the year	2,578	2,103
Exchange differences	18	(7)
Charge for the year	88	519
Amounts written off	534	-
Unused amounts reversed	(476)	(37)
Balance at end of the year	2,742	2,578

Trade receivables are non-interest bearing and are generally on 30 – 90 day terms.

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Past due but not impaired				
	<30 days	31-60 days	61-90 days	91-120 days	>121 days
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Group					
2009	8,038	2,810	983	2,843	767
2008	10,656	8,315	1,074	1,822	50
Company					
2009	-	-	4	57	-
2008	-	-	-	-	-

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Cash in hand and at bank in current accounts	193,610	150,529	48,306	7,950

23 CURRENT INCOME TAX RECOVERABLE

	Group	
	2009	2008
	€'000	**€'000**
Income tax	7,774	8,334

24 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Trade payables	23,233	32,579	223	116
Other payables	7,417	8,766	74	56
Other taxes and social security	4,104	3,588	49	48
Accruals and deferred income	36,834	41,187	83	122
VAT payable	2,182	2,385	-	-
Directors' current accounts (see note 36)	1,243	97	1,243	97
Amounts owed to Group undertakings	-	-	13,027	35,709
Payments on account	52,573	59,295	-	-
Amounts due on construction contracts	1,120	692	-	-
	128,706	148,589	14,699	36,148

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

25 PROVISIONS

GROUP

	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2009	19,882	4,920	24,802
Additional provision recognised	10,043	4,570	14,613
Provision utilised during the year	(6,931)	(2,915)	(9,846)
Provision released during year	(2,000)	(1,407)	(3,407)
Foreign exchange difference	96	(3)	93
Balance at 31 December 2009	21,090	5,165	26,255
Current	17,347	4,958	22,305
Non-current	3,743	207	3,950

	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2008	22,722	4,557	27,279
Additional provision recognised	6,772	4,025	10,797
Provision utilised during the year	(6,797)	(3,315)	(10,112)
Provision released during year	(2,871)	(154)	(3,025)
Foreign exchange difference	56	(193)	(137)
Balance at 31 December 2008	19,882	4,920	24,802
Current	14,660	4,667	19,327
Non-current	5,222	253	5,475

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. There were no provisions in the Company.

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

26 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Income tax	7,976	6,519	1,124	-

27 SHORT TERM BORROWINGS

	Group	
	2009	2008
	€'000	**€'000**
Bank overdraft	25	9,188

The borrowings are repayable as follows:

	Group	
	2009	2008
	€'000	**€'000**
On demand or within one year	25	9,188

The overdraft facilities of the UK Group companies are secured by various debentures in favour of Barclays Bank plc and fixed charges over various development sites.

28 CURRENT PORTION OF LONG TERM BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Bank loans	171	281	-	-
Pension scheme loans	-	681	-	681
	171	962	-	681

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

29 LONG TERM BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Bank loans	391	1,050	-	-
Pension scheme loans	-	681	-	681
	391	1,731	-	681
Due within one year (included in current liabilities)	(171)	(962)	-	(681)
	220	769	-	-
Amounts payable:				
Between one and two years	100	197	-	-
Between two and five years	120	387	-	-
After five years	-	185	-	-
	220	769	-	-

The pension scheme loans totalling €Nil (2008 - €681,000) from the A J Langley Executive Pension Scheme were all loaned to the Parent Company and carried interest at 3% per annum above the base lending rate of Lloyds TSB Bank plc. The loans were secured by a debenture and also a legal mortgage over various freehold premises of the Company. The loans have been guaranteed by various subsidiary undertakings.

As loans are at variable rates of interest, the fair value of the loans are approximately equivalent to the book value disclosed above. Interest was charged at 0% to 6.3% (2008 - 2.89% to 4.55%) on those loans during the year.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

30 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2009	2008
	€'000	**€'000**
Trade payables	638	792
Other payables	304	239
Accruals and deferred income	4,541	4,971
	5,483	6,002

31 NON-CURRENT INCOME TAX LIABILITY

	Group	
	2009	2008
	€'000	**€'000**
Income tax	-	202

32 RETIREMENT BENEFIT OBLIGATIONS

GROUP

	2009	2008
	€'000	**€'000**
At 1 January 2009	9,259	8,960
Utilised in year	(37)	(39)
Total (credit)/expense charged in the Income Statement in the year	(882)	243
Transfer direct to equity on actuarial loss	1,424	213
Contributions paid	(1,231)	(85)
Other movements	(34)	(77)
Exchange differences	11	44
At 31 December 2009	8,510	9,259
UK Defined Benefit Schemes (note 10(b))	484	282
Overseas Unfunded Refined Benefit Obligations (note 10(c))	8,026	8,977
Retirement benefit obligation in balance sheet	8,510	9,259

33 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
Deferred tax assets	(6,534)	(7,071)	-	-
Deferred tax liabilities	11,735	6,763	63	85
	5,201	(308)	63	85

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2009	(308)	(5,671)	85	157
On revaluation in year charged to equity	129	-	-	-
Transfer to revaluation reserve	(5)	(8)	(5)	(8)
Exchange differences	(8)	92	8	(39)
Income Statement charge/(credit) (note 11)	5,777	5,339	(25)	(25)
Other equity movements	-	-	-	-
Release to equity on actuarial loss	(384)	(60)	-	-
At 31 December 2009	5,201	(308)	63	85

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

33 DEFERRED INCOME TAX (continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

GROUP

	Accelerated tax depreciation	Tax losses	Other short term temporary differences	Retirement benefit obligations	Fair value gains	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2008	2,528	(6,561)	(2,077)	(174)	613	(5,671)
Charge to income	1,163	3,723	473	(136)	116	5,339
Release to equity on actuarial loss	-	-	-	(60)	-	(60)
Charge to equity on revaluation	-	-	-	-	(8)	(8)
Exchange differences	(893)	687	388	91	(181)	92
At 31 December 2008	2,798	(2,151)	(1,216)	(279)	540	(308)
Charge to income	(475)	2,503	3,759	65	(75)	5,777
Release to equity on actuarial loss	-	-	-	(384)	-	(384)
Charge to equity on revaluation	-	-	-	-	124	124
Exchange differences	(3)	(1)	(4)	1	(1)	(8)
At 31 December 2009	2,320	351	2,539	(597)	588	5,201

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

33 DEFERRED INCOME TAX (continued)

COMPANY

	Fair value gains €'000	Total €'000
At 1 January 2008	157	157
Charge to income	(25)	(25)
Charge to equity	(8)	(8)
Exchange differences	(39)	(39)
At 31 December 2008	85	85
Charge to income	(25)	(25)
Charge to equity	(5)	(5)
Exchange differences	8	8
At 31 December 2009	63	63

Unprovided deferred taxation

	Group		Company	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Accelerated tax depreciation	101	(358)	136	148
Tax losses available	1,293	2,161	-	-
Other short term timing differences	351	963	-	-
Retirement benefit obligation	66	73	-	-
	1,811	2,839	136	148

No deferred tax asset or liability has been recognised in respect of the above accelerated tax depreciation, other short term temporary differences and tax losses because the Group is not expected to have sufficient estimated profits to utilise these assets in the near future.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

34 CONTINGENT LIABILITIES

Contingent liabilities exist at the balance sheet date in respect of:

	Group		Company	
	2009	2008	2009	2008
	€'000	**€'000**	**€'000**	**€'000**
UK Group bank guarantees	-	-	5,605	7,428
UK Group value added tax	-	-	508	735
UK Bonds, guarantees and indemnities	4,622	4,103	4,583	3,834
Overseas bank guarantees	63,117	63,863	-	-
Overseas bonds, guarantees and indemnities	23,930	9,867	-	-
	91,669	77,833	10,696	11,997

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a group VAT registration. Throughout the Group, contingent liabilities exist in respect of guarantees, performance bonds and indemnities issued on behalf of Group companies by banks and insurance companies in the ordinary course of business.

In view of the relatively low amount of bank borrowings when compared to cash and cash equivalents, the Directors believe that the likelihood of the guarantees being invoked is remote, therefore no provision has been recognised in these Accounts.

35 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise borrowings, cash and short term deposits, bank loans and overdrafts and various items such as trade payables and trade receivables that arise directly from its operations. The main purpose of these financial instruments is to fund the Group's operations, as well as to manage its working capital, liquidity and surplus funds.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. Liquidity risk is not considered to be a main risk to the Group given the Group's cash and cash equivalents balances being considerably higher than any bank borrowings.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

35 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of individual Group entities (which are principally Sterling, Euro and US dollars).

The Group publishes its Consolidated Accounts in Euro and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its operations where the Euro is not the functional currency of that operation.

Financial Risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling to Euro and US dollar to Euro exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Increase/decrease in Sterling rate	Effect on profit before tax	Increase/decrease US dollar rate	Effect on profit before tax
		€'000		**€'000**
2009	+10%	(8,690)	+10%	(873)
	-10%	10,621	-10%	1,068
2008	+10%	(1,313)	+10%	(771)
	-10%	1,384	-10%	943

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debt is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's money on deposit and its long-term debt obligations with floating interest rates.

Capital risk management

The Group manages Capital to ensure adequate resources are retained for continued growth of the Group. Access to Capital includes the retention of cash on deposit and availability of funding through agreed capital facilities. Long term deposits are used to obtain more favourable rates of return only when adequate cash resources are maintained on shorter term deposit for the Group's working capital requirements.

36 RELATED PARTY TRANSACTIONS

At 31 December 2009, A J Langley was owed €1,243,000 (2008 - €97,000) by the Company. The maximum overdrawn balance during the year was €3,795,000 (2008 - €2,918,000).

Transactions with related parties are at market value, and are unsecured. The Company has recorded a €2,152,000 impairment of receivables relating to amounts owed by related parties (2008 - €nil).

During the year, the Company invoiced the following management charges to Group companies with the amounts outstanding at the year end:

	Amount invoiced during the year		Amount outstanding at the year end	
	2009	2008	2009	2008
Company	**€'000**	**€'000**	**€'000**	**€'000**
The Claudius Peters group of companies	1,522	1,943	(508)	(14,730)
The Piller group of companies	120	138	6	(18,310)
The ARO group of companies	323	463	3,244	1,287
The Clarke Chapman group of companies	329	548	(23)	225
The Bradman Lake group of companies	281	311	4,705	6,565
Other group companies in the UK	230	341	4,374	2,464

The Company and Group are controlled by A J Langley, a Director of the Company.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

36 RELATED PARTY TRANSACTIONS (continued)

During the year, the following Group companies charged interest on loans made to the Company:

	2009	2008
Company	**€'000**	**€'000**
Piller UK Limited	165	1,238
Claudius Peters Group GmbH	633	561
The Clarke Chapman Group Limited	1	-
Piller USA Inc	14	-
ARO Welding Technologies SAS	2	-

In addition the following Group companies paid interest on loans from the Company:

	Amount outstanding at the year end	
	2009	2008
Company	**€'000**	**€'000**
ARO Welding Technologies Inc	-	59
Bradman Lake Limited	171	344
ARO Welding Technologies SAS	27	-
JND Technologies Limited	7	-
Pressure Engineering International Limited	52	-
Langley Homes Limited	154	-
Clarke Chapman Aftermarket Limited	18	-

Transactions between subsidiaries have been eliminated on consolidation and are disclosed in full in the individual company accounts.

37 SHARE CAPITAL

	2009	2008
	€'000	**€'000**
Allotted, issued and fully paid:		
1,000,000 ordinary shares of £0.10 each	163	163

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

38 REVALUATION RESERVE

This reserve is used to reflect changes in the fair value as indicated in note 1(e). It is not available for the payment of dividends.

39 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation reserves of €(11,493,000)(2008 - €(9,706,000). Included within the retained earnings reserve for the Company is €(1,565,000) (2008 - €(153,000)) of foreign currency translation reserves.

The net currency exchange difference arising on retranslation in the year was a loss of €1,787,000 for the Group and €1,412,000 for the Company. The foreign currency translation reserves contain the accumulated foreign currency translation differences from the translation of the financial statements of the Group's foreign operations arising when the Group's entities are consolidated.

40 COMMITMENTS UNDER OPERATING LEASES

At the year end, the Group had outstanding commitments for future minimum lease payments and other costs under non-cancellable operating leases, which fall due as follows:

	2009	2008
	€'000	**€'000**
Within one year	2,388	1,698
In two to five years	3,787	4,494
After five years	340	867
	6,515	7,059

The lease commitments relate primarily to leases of land and buildings. The leases have various terms and renewal rights.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2009

41 CASH GENERATED FROM OPERATIONS

GROUP	2009	2008
	€'000	**€'000**
Profit before taxation	65,786	70,193
Depreciation	7,160	7,795
Impairment of property, plant and equipment	14	-
Loss on sale of property, plant and equipment	22	23
Impairment of intangibles	178	193
Investment income	(2,996)	(5,028)
Interest expense	231	424
Decrease/(increase) in inventories	19,394	(7,031)
Decrease in trade and other receivables	15,299	23,301
Decrease in trade and other payables	(18,949)	(643)
Movement in retirement benefit obligations	(749)	299
Foreign exchange translation adjustments	(3,310)	(4,290)
Cash generated from operations	82,080	85,236

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2009

41 CASH GENERATED FROM OPERATIONS (continued)

COMPANY	2009	2008
	€'000	**€'000**
Profit/(loss) before taxation	86,322	(3,473)
Depreciation	494	528
Loss/(profit) on sale of property, plant and equipment	20	(2)
Dividend income received	(85,818)	-
Investment income	(788)	(519)
Interest expense	833	1,918
Increase in inventories	(11)	-
(Increase)/decrease in trade and other receivables	(11,808)	16,043
(Decrease)/increase in trade and other payables	(21,449)	2,785
Foreign exchange translation adjustments	(2,128)	3,047
	(34,333)	20,327

LANGLEY

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