Langley Holdings plc

Annual Report and Accounts 2010

www.langleyholdings.com

LANGLEY

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Group Overview

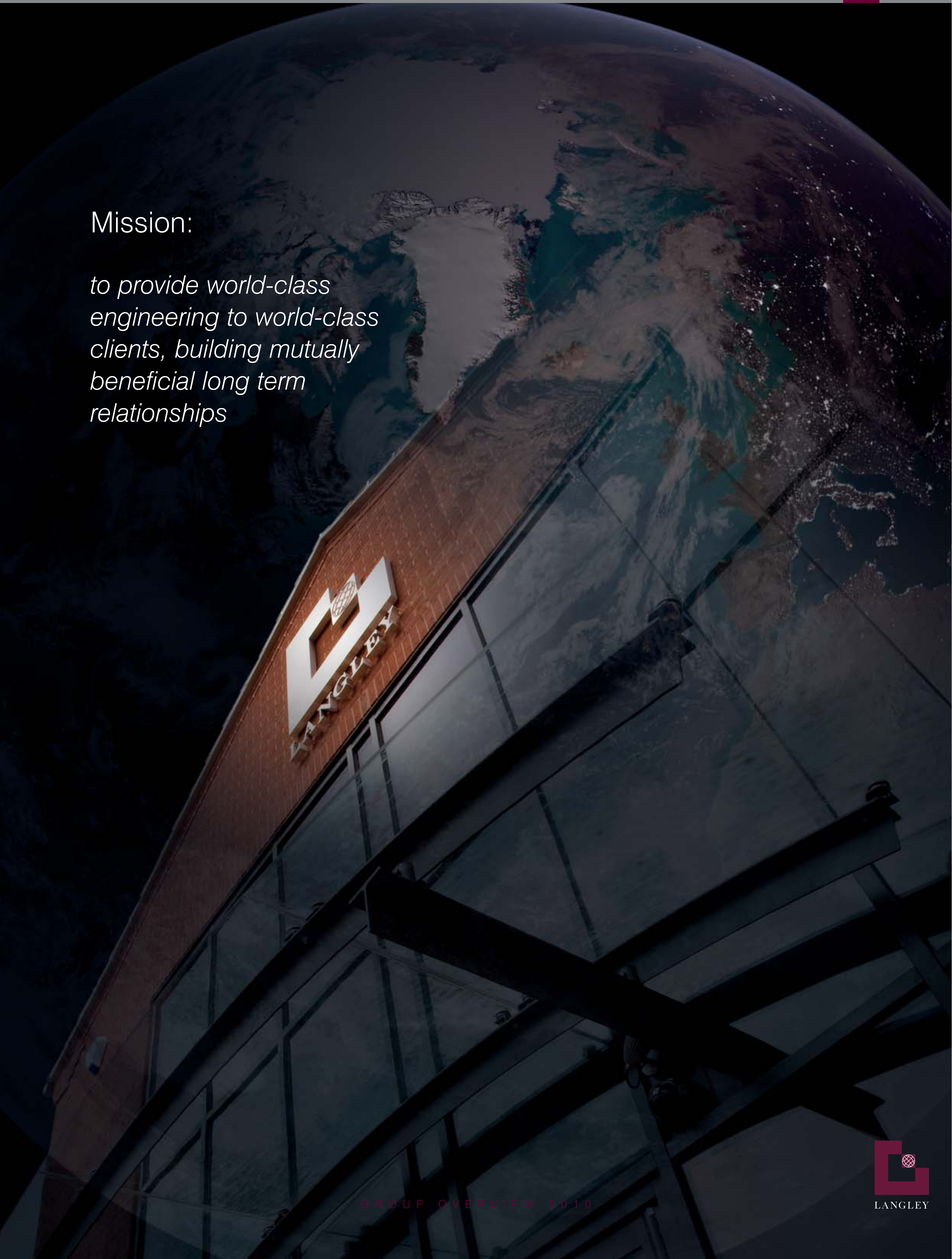
The company that is now Langley Holdings plc was established in 1975 by the current Chairman & CEO, Mr Tony Langley. Today the Langley Group is a globally operating, multi-disciplined engineering concern providing capital equipment technologies to diverse markets around the world. Langley businesses 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 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 2,200 people world wide.

Mission:

to provide world-class engineering to world-class clients, building mutually beneficial long term relationships



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Piller Division

location: Germany

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

revenue 2010: €157.2m

revenue 2009: €165.4m

employees: 734

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 Headquarters & Manufacturing facility, Osterode, Germany

Piller Assembly & Testing Facility, Bilshausen, Germany

Nothing protects quite like Piller

Claudius Peters Division

location: Germany

activity: process plant equipment + aerospace components

revenue 2010: €127.8m

revenue 2009: €140.9m

employees: 567

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 group 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.

Claudius Peters Headquarters, Buxtehude, Germany

Claudius Peters Technikum (Technical Centre)

We know how

LANGLEY

ARO Division

location: France

activity: automotive welding technology

revenue 2010: €63.9m

revenue 2009: €63.2m

employees: 428

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 Headquarters, Château du Loir, France

ARO Manufacturing Facility, Château du Loir, France

La qualité sans compromis

LANGLEY

Other Businesses

location: UK & US

activity: diverse capital equipment + construction

revenue 2010: €50.7m

revenue 2009: €56.3m

employees: 492

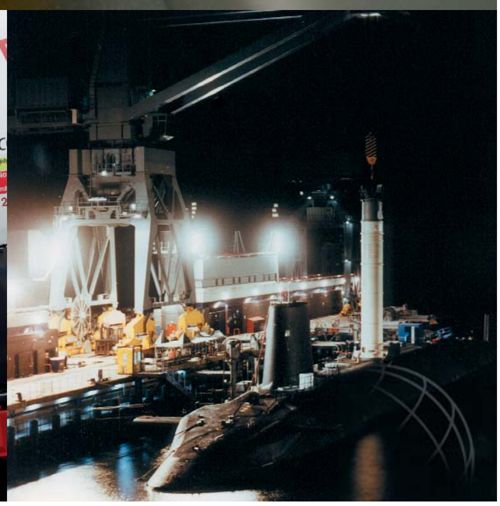
Several other businesses, situated at various locations in the United Kingdom and in the United States, are consolidated under other businesses. The **Clarke Chapman Group** is principally a specialised producer of onshore cranes for the nuclear, military, and other sectors and offshore cranes for the 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 South 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

Bradman Lake, Rock Hill, South Carolina, USA

Bradman Lake Manufacturing Facility, Beccles, UK

Clarke Chapman Manufacturing Facility, Gateshead, UK


Freephone 0800 626 626
calor.co.uk



Global Presence

Dallas, USA

New York, USA


Detroit, USA

Le Mans, France

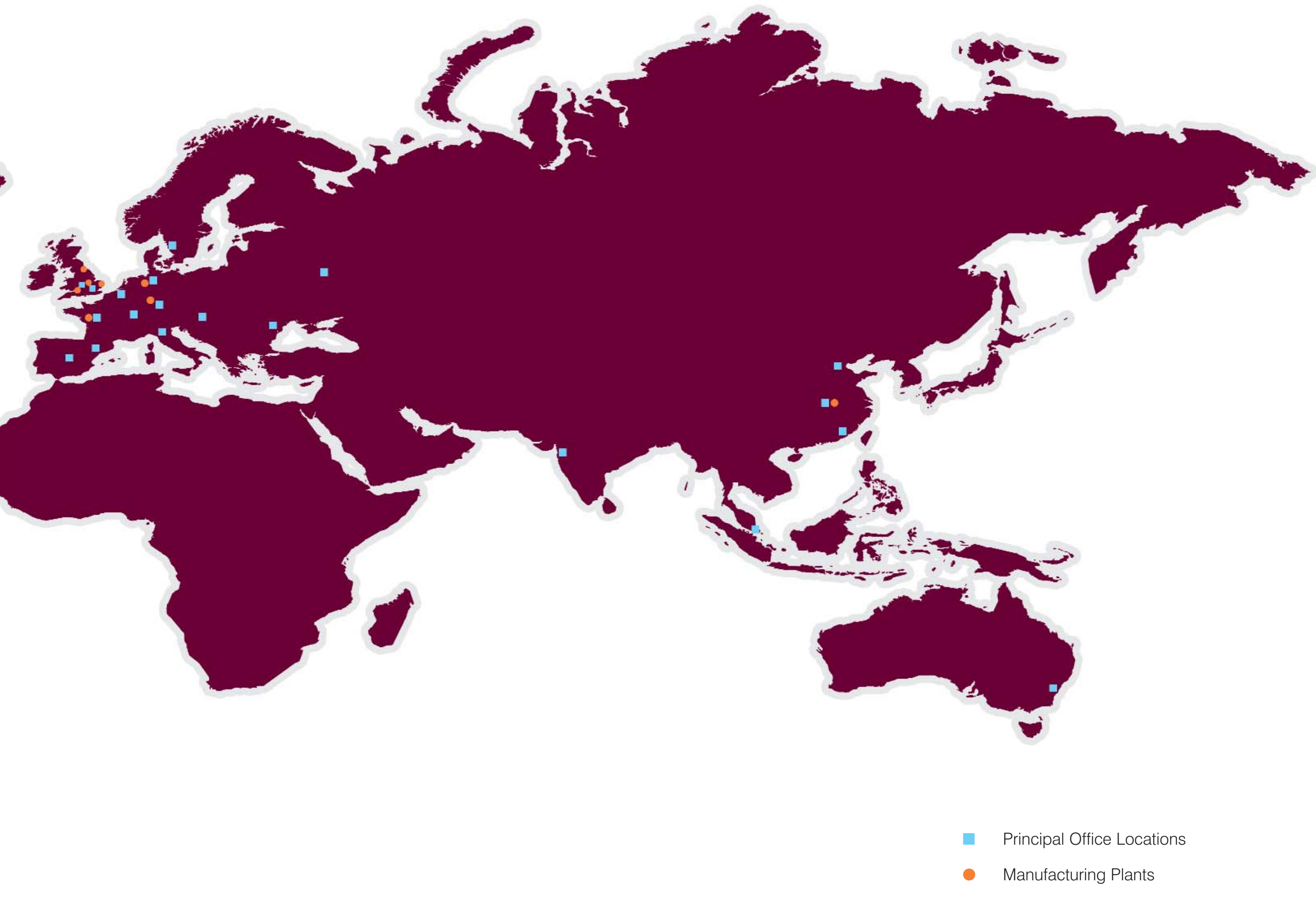
ASIA PACIFIC - SINGAPORE | **AUSTRALIA** - SYDNEY | **BELGIUM** - BRUSSELS | **BRAZIL** - SAO PAULO | **CHINA** - BEIJING, HONG KONG, WUHAN | **FRANCE** - LE MANS, MULHOUSE, PARIS | **GERMANY** - HAMBURG, HANOVER, AUGSBURG | **INDIA** - MUMBAI **ITALY** - BERGAMO & MILAN | **MEXICO** - PUEBLA | **ROMANIA**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

Hamburg, Germany

Mulhouse, France

Hanover, Germany

Retford, UK



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Section 2

IFRS Annual Report and Accounts 2010

Company Information

YEAR ENDED 31 DECEMBER 2010

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 Statutory Auditor Chartered Accountants Portwall Place Portwall Lane Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank plc PO Box 3333 One Snowhill Snowhill Queensway Birmingham B3 2WN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany

Key Highlights

YEAR ENDED 31 DECEMBER 2010

	Year ended 31 December 2010 **€'000**	Year ended 31 December 2009 **€'000**
REVENUE	399,593	425,783
OPERATING PROFIT	64,027	63,021
PRE TAX PROFIT	65,611	65,786
NET ASSETS	237,589	212,699
NET CASH	186,835	193,585
ORDERS ON HAND	267,260	219,733

	No	No
EMPLOYEES	2,221	2,264

Chairman's Review

YEAR ENDED 31 DECEMBER 2010

In the year to 31 December 2010, the Group recorded revenues of €399.6 million (2009: €425.8 million) and generated an operating profit of €64.0 million (2009: €63.0 million). Net income from finance activities contributed a further €1.6 million (2009: €2.8 million) resulting in a profit before tax of €65.6 million (2009: €65.8 million) and a profit after tax of €45.3 million (2009: €40.4 million). At 31 December, the Group's cash position stood at €186.8 million (2009: €193.6 million) and net assets at €237.6 million (2009: €212.7 million), this after dividend payments of €25.0 million. Orders on hand at the year-end were €267.3 million (2009: €219.7 million).

Considering the prevailing economic circumstances, the Group's trading results for the year were very satisfactory. 2010 saw a similar level of activity to the previous year and although reported revenues were down by some 6% overall, operating profits showed a slight increase on 2009 due to an improved mix of business and all divisions performed in line with or ahead of expectations.

Piller Division

Piller, headquartered near Hanover in Germany, principally produces advanced power protection systems for large data centres, together with aircraft ground power and naval military systems, from its facilities in Osterode and Bilshausen. The division recorded revenues slightly down on the prior year but overall profits were in line with 2009. In Western Europe Piller put in a strong performance with subsidiaries in Germany, France, Spain and Italy all reporting strengthening market conditions, as did Piller USA. Piller UK, which primarily serves the UK banking and finance sector, understandably saw a reduction in its business levels, the company having completed numerous major bank projects in recent years and with others postponed indefinitely, the situation was to be expected. Piller Australia also continued to experience subdued demand in its home market but did see signs of improvement in the final quarter. In the Asia Pacific region, newly formed Piller Singapore performed in line with expectations in its first full year as a stand-alone business unit. Production levels in Osterode and Bilshausen returned to near normal in the second half and the division finished the year with orders on hand of €106.1 million (2009: €91.4 million).

Claudius Peters Division

Claudius Peters (CP), headquartered near Hamburg in Germany, primarily produces plant and machinery for the cement, steel and alumina industries and in a separate unit, aerospace components for the Airbus programme. CP saw its revenues decrease by 9% on 2009 and operating profits were down by slightly less, 8% overall. Again there were ups and downs in the machinery business, with China and Brazil remaining buoyant but subsidiaries in Spain, Italy and the parent in Germany all remaining subdued, as was CP in the USA. CP France, which reported a 17% increase in revenues, was the exception and in 2011 is expecting a return to record levels of business last seen in 2007. Sentiment for 2011 is not quite so optimistic elsewhere in the division but generally an improvement is foreseen in the core plant machinery business. During the year it was announced

continued

Chairman's Review (continued)

YEAR ENDED 31 DECEMBER 2010

by Premium Aerotech, the manufacturing arm of EADS, that production of aircraft stringer components currently produced by CP will commence from own facilities in Romania from 2011. As a result this activity is now under review. Orders on hand for the division at year end were €111.8 million (2009: €103.7 million).

ARO Division

ARO, our producer of welding machines for the automotive sector, headquartered near Le Mans in France, saw demand drop very sharply in 2009. The economic crisis took a particularly heavy toll on the sector but during 2010 the fortunes of many car producers re-bounded and demand for ARO products began to improve during the year, with most business units reporting an up-turn in market activity, particularly in the last quarter. Order intake for the year rose from €54.8 million in 2009 to €77.1 million in 2010 and the division performed satisfactorily on revenues slightly up on 2009 at €63.9 million. Production levels in France reached near normal in the second half of the year and although ARO's facility in Detroit continued to run under capacity, utilisation was improved when compared with 2009. All ARO business units report an expectation of increased activity in 2011 and at the year end, the division had orders on hand of €22.6 million (2009: €9.2 million).

Other Businesses

Our other businesses division, which comprises mainly UK based companies, had a satisfactory year overall, despite the malaise. Bradman Lake, our packaging machinery specialist, put in a very strong performance from its UK operations although this was diluted somewhat by a problematic year in their US subsidiary. Nevertheless, a healthy contribution overall and much improved prospects for 2011. Clarke Chapman, the cranes specialist, saw revenues fall to the lowest level ever recorded but remained profitable; a good outcome considering. JND also struggled but managed a nominal contribution on revenues of just €8.1 million. Finally, Langley Homes, the smallest business in the Group, continued to suffer due to a shortage of new home buyers, although with over 200 plots in the land bank, continuity is ensured when the market does recover. Other businesses recorded combined revenues of €50.7 million in the year (2009: 56.3 million) and finished the year with order books of €26.6 million (2009: €15.5 million).

Outlook

On the whole the outlook for 2011 is looking promising for our Group. Our businesses are poised for recovery in their respective markets, many of which have already started to improve, evidenced by the level of orders on hand recorded at the year end. I fully expect that 2011 will see further recovery and believe that the spectre of the so-called "double dip" recession to be much diminished in all but some of our markets. Of course, not all business areas will improve as quickly as others and some areas will continue to be depressed for quite some time, but overall I can foresee a much improved situation in 2011 and where not, our businesses are structured so as not to be burdensome to the overall Group.

Chairman's Review (continued)

YEAR ENDED 31 DECEMBER 2010

Our People

As is customary, my review of the year would not be complete without mention of our many employees around the world who, through their hard work and determination, make our Group the success that it is today. 2010 continued to be challenging for our managers and not only did they meet those challenges, but did so with sensitivity on a human level. Much of the flexibility that was possible in our businesses was of course thanks to short time working initiatives in Germany and in France, where a large proportion of our skilled people are employed. Without this flexibility, permanent headcount reductions would surely have been more severe and would have impacted on our business not only financially, but have been devastating in terms of losing skills that are not easily replaced.

Conclusion

Our businesses adapted well to the step-change that first impacted in 2009 and continued to fare well in 2010 to achieve the results presented here. I believe that 2011 will bring with it a new set of challenges, those associated with stepping back up to meet increased demand as our markets re-emerge from recession. I am confident that our businesses will meet these challenges with equal success.

Anthony J Langley

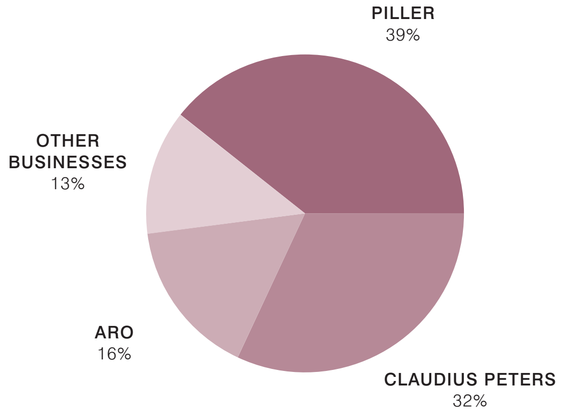
Chairman

1 February 2011

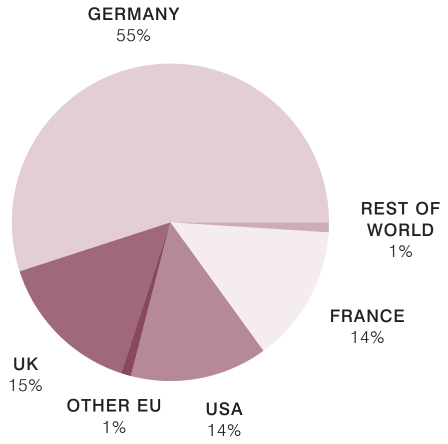
Geographical Distribution

YEAR ENDED 31 DECEMBER 2010

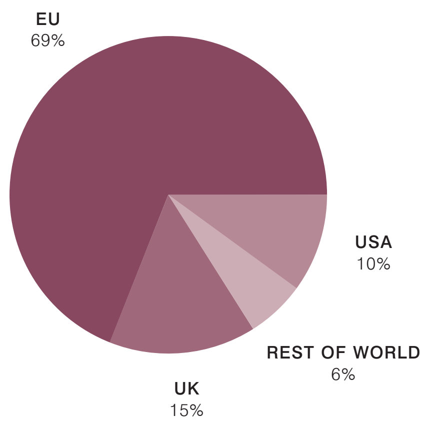
REVENUE BY DIVISION



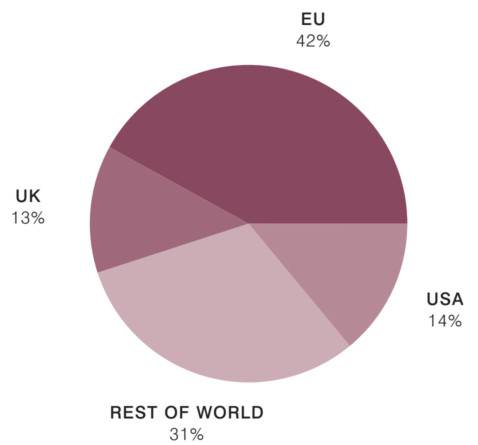
SITU OF FIXED ASSETS



REVENUE BY ORIGIN



REVENUE BY DESTINATION



Directors' Report

YEAR ENDED 31 DECEMBER 2010

The Directors present their Report together with the audited Accounts of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 26. The profit attributable to the shareholder for the financial year was €45,316,000 (2009 - €40,445,000).

Dividends of €25 per share were paid to the ordinary shareholder during the year (2009 - €5).

BUSINESS REVIEW

(a) Development performance and position

The Directors are satisfied with the trading results of the Group for the year. 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 sector by continuing to diversify its activities, identifying opportunities for existing product offerings into new markets and for new products for 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) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review on pages 17 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Chairman's Review. In addition, note 34 to the Accounts includes the Group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual Accounts.

(d) 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:

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2010

BUSINESS REVIEW (continued)

(d) Key performance indicators (KPI's) (continued)

Targets

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

	2010	2009
Return on Capital	28%	31%
Return on Sales	16%	15%

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

- Staff turnover
- Orders in hand

These are reviewed monthly on information provided to the Board and details are shown on page 16.

(e) 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.

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 34 to the Accounts.

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 payables for the Group at the year end was 42 days (2009 – 33 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:

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2010

DIRECTORS' INTERESTS (continued)

	At 31 December 2010 Ordinary shares of £0.10 each	At 31 December 2009 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.

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 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.

By order of the Board

B A WATSON
Company Secretary

Langley Holdings plc
Registered in England and Wales Company number 1321615
1 February 2011

LANGLEY

Independent Auditors' Report to the Member

YEAR ENDED 31 DECEMBER 2010

We have audited the Accounts of Langley Holdings plc for the year ended 31 December 2010 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 40. 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 member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to him 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 member, 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 and express an opinion on 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/private.cfm

OPINION ON ACCOUNTS

In our opinion:

- the Accounts give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2010 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 Parent 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.

Independent Auditors' Report to the Member (continued)

YEAR ENDED 31 DECEMBER 2010

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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent 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
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol, BS1 6NA

1 February 2011

Nexia Smith & Williamson

NEXIA INTERNATIONAL
www.nexia.com

Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2010

	Note	2010 €'000	2009 €'000
REVENUE	2	399,593	425,783
Cost of sales	3	(255,415)	(283,300)
GROSS PROFIT		144,178	142,483
Net operating expenses	3	(80,151)	(79,462)
OPERATING PROFIT	4	64,027	63,021
Finance income	6	1,789	2,996
Finance costs	7	(205)	(231)
PROFIT BEFORE TAXATION		65,611	65,786
Income tax expense	11	(20,295)	(25,341)
PROFIT FOR THE YEAR		45,316	40,445

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 2010

	Note	2010 €'000	2009 €'000
Profit for the year		45,316	40,445
Other comprehensive income/(expense):			
Actuarial loss on defined benefit pension schemes	31	(567)	(1,424)
Deferred tax relating to actuarial losses	32	159	384
		(408)	(1,040)
Gain on revaluation of properties	15	-	460
Deferred tax on revaluation surplus	32	-	(129)
Other deferred tax movements	32	53	5
Exchange differences on translation of foreign operations		4,929	(1,787)
Other comprehensive income/(expense) for the year		4,574	(2,491)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		49,890	37,954

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

LANGLEY

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2010

	Note	2010 €'000	2010 €'000	2009 €'000	2009 €'000
NON-CURRENT ASSETS					
Intangible assets	14		2,824		2,830
Property, plant and equipment	15		55,656		54,351
Trade and other receivables	17		1,010		2,326
Deferred income tax assets	32		7,345		6,534
Income tax recoverable	18		-		96
			66,835		66,137
CURRENT ASSETS					
Inventories	19	53,067		49,650	
Trade and other receivables	21	122,956		84,609	
Cash and cash equivalents	22	186,835		193,610	
Current income tax recoverable	23	4,218		7,774	
		367,076		335,643	
CURRENT LIABILITIES					
Current portion of long term borrowings	28	20		171	
Current income tax liabilities	26	6,223		7,976	
Short term borrowings	27	-		25	
Trade and other payables	24	140,959		128,706	
Provisions	25	16,220		22,305	
		163,422		159,183	
NET CURRENT ASSETS			203,654		176,460
Total assets less current liabilities			270,489		242,597
NON-CURRENT LIABILITIES					
Provisions	25	3,591		3,950	
Long term borrowings	29	60		220	
Trade and other payables	30	10,413		5,483	
Retirement benefit obligations	31	7,455		8,510	
Deferred income tax liabilities	32	11,381		11,735	
			32,900		29,898
NET ASSETS			237,589		212,699
EQUITY					
Share capital	36		163		163
Revaluation reserve	37		3,097		3,198
Retained earnings	38		234,329		209,338
TOTAL EQUITY			237,589		212,699

Approved by the Board of Directors on 1 February 2011 and signed on its behalf by

A J LANGLEY J J LANGLEY

Director . . . . Director . . . .

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

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2010

	Share capital €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
AT 1 JANUARY 2009	163	2,965	176,617	179,745
Profit for the year	-	-	40,445	40,445
Revaluation of property, plant and equipment net of deferred tax	-	331	-	331
Depreciation transfer	-	(103)	108	5
Currency exchange difference arising on retranslation	-	5	(1,792)	(1,787)
Actuarial losses on defined benefit schemes net of deferred tax	-	-	(1,040)	(1,040)
TOTAL COMPREHENSIVE INCOME	-	233	37,721	37,954
Dividends paid	-	-	(5,000)	(5,000)
AT 31 DECEMBER 2009	163	3,198	209,338	212,699
Profit for the year	-	-	45,316	45,316
Depreciation transfer	-	(104)	157	53
Currency exchange difference arising on retranslation	-	3	4,926	4,929
Actuarial losses on defined benefit schemes net of deferred tax	-	-	(408)	(408)
TOTAL COMPREHENSIVE INCOME	-	(101)	49,991	49,890
Dividends paid	-	-	(25,000)	(25,000)
AT 31 DECEMBER 2010	163	3,097	234,329	237,589

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

Company Statement of Financial Position

AS AT 31 DECEMBER 2010

	Note	2010 €'000	2010 €'000	2009 €'000	2009 €'000
NON-CURRENT ASSETS					
Property, plant and equipment	15		6,231		6,885
Investments	16		6,709		6,415
			12,940		13,300
CURRENT ASSETS					
Inventories	19	-		11	
Trade and other receivables	21	33,311		25,823	
Cash and cash equivalents	22	58,360		48,306	
Current income tax recoverable	23	415		-	
		92,086		74,140	
CURRENT LIABILITIES					
Trade and other payables	24	3,488		14,699	
Current income tax payable	26	-		1,124	
		3,488		15,823	
NET CURRENT ASSETS			88,598		58,317
Total assets less current liabilities			101,538		71,617
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	32	33		63	
			33		63
NET ASSETS			101,505		71,554
EQUITY					
Share capital	36		163		163
Revaluation reserve	37		54		61
Retained earnings	38		101,288		71,330
TOTAL EQUITY			101,505		71,554

Approved by the Board of Directors on 1 February 2011 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 2010

	Share capital €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
AT 1 JANUARY 2009	163	63	(7,482)	(7,256)
Profit for the year	-	-	85,217	85,217
Depreciation transfer	-	(9)	14	5
Currency exchange difference arising on retranslation	-	7	(1,419)	(1,412)
TOTAL COMPREHENSIVE INCOME	-	(2)	83,812	83,810
Dividends paid	-	-	(5,000)	(5,000)
AT 31 DECEMBER 2009	163	61	71,330	71,554
Profit for the year	-	-	53,549	53,549
Depreciation transfer	-	(9)	14	5
Currency exchange difference arising on retranslation	-	2	1,395	1,397
TOTAL COMPREHENSIVE INCOME	-	(7)	54,958	54,951
Dividends paid	-	-	(25,000)	(25,000)
AT 31 DECEMBER 2010	163	54	101,288	101,505

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

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2010

	Note	2010 €'000	2010 €'000	2009 €'000	2009 €'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	40		39,002		79,679
Interest paid			(205)		(231)
Interest received			1,669		2,996
Income taxes paid			(19,349)		(16,666)
NET CASH FROM OPERATING ACTIVITIES			21,117		65,778
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of intangible assets		(1)		(3)	
Purchase of property, plant and equipment		(8,176)		(10,022)	
Proceeds from sale of property, plant and equipment		2,685		430	
NET CASH USED IN INVESTING ACTIVITIES			(5,492)		(9,595)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of amounts borrowed		(311)		(659)	
Net pension scheme loan repayments		-		(681)	
Dividends paid to the shareholder		(25,000)		(5,000)	
NET CASH USED IN FINANCING ACTIVITIES			(25,311)		(6,340)
Net (decrease)/increase in cash and cash equivalents			(9,686)		49,843
Cash and cash equivalents at 1 January 2010			193,585		141,341
Effects of exchange rate changes on cash and cash equivalents			2,936		2,401
Cash and cash equivalents at 31 December 2010			186,835		193,585
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	22		186,835		193,610
Bank overdraft	27		-		(25)
Cash total			186,835		193,585

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

Company Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2010

	Note	2010 €'000	€'000	2009 €'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash used in operations	40		(15,046)		(35,084)
Interest paid			(11)		(833)
Interest received			954		788
Income taxes (paid)/received			(1,315)		25
NET CASH USED IN OPERATING ACTIVITIES			(15,418)		(35,104)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		52,694		85,818	
Purchase of property, plant and equipment		(2,807)		(5,415)	
Proceeds from sale of property, plant and equipment		-		22	
Purchase of subsidiary undertakings		(25)		(35)	
NET CASH FROM INVESTING ACTIVITIES			49,862		80,390
CASH FLOWS FROM FINANCING ACTIVITIES					
Net pension scheme loan repayments		-		(681)	
Dividends paid to the shareholder		(25,000)		(5,000)	
NET CASH USED IN FINANCING ACTIVITIES			(25,000)		(5,681)
Net increase in cash and cash equivalents			9,444		39,605
Cash and cash equivalents at 1 January 2010			48,306		7,950
Effects of exchange rate changes on cash and cash equivalents			610		751
Cash and cash equivalents at 31 December 2010			58,360		48,306
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	22		58,360		48,306

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

Notes to the Accounts

YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

(a) Basis of preparation

Langley Holdings plc is a Company incorporated in the United Kingdom.

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.

New and amended standards which became effective during the year

The following standards became effective during the current period:

- **IFRS 3 (revised), Business combinations**
- **IAS 27 (amended), Consolidated and separate financial statements**

Both of these became mandatory for periods commencing on or after 1 July 2009, but neither had a material impact on the Group during the current period.

These amendments introduced changes which required all acquisition related costs to be expensed in the period incurred rather than added to the cost of investment. Changes to estimates of contingent consideration following a business combination are now shown in the income statement rather than amending recognised goodwill. The Group is applying IFRS 3 (revised) prospectively to all business combinations from 1 January 2010. Transactions which were completed prior to 1 January 2010 have not been restated and remain as previously reported and as a result comparatives for 2009 have not been restated.

There were a number of amendments to standards dealing with financial instruments, share-based payments, and improvements to IFRSs, as well as a number of Interpretations, but none of these were relevant to the circumstances of the Group in the current period.

New and amended standards which are not effective for the current period

IFRS 9, Financial instruments, was issued in November 2009 but is not yet effective and has not yet been approved by the European Union. It is not expected that this standard, when effective, will have a significant impact on the Group.

A number of amendments, improvements and Interpretations were issued during the year but are not currently effective and are not expected to have an impact on the Group.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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 2010 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 revenue 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 408 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 to 10 years straight line

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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 initially measured at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts, and subsequently at their amortised cost.

Borrowings

Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for at amortised cost using the effective interest rate 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 2010

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	-	cost of raw materials and labour together with attributable overheads
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 year end 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).

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

(j) Research and development

Research and development expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met. Other development expenditure is recognised in the Income Statement as incurred.

(k) Income taxes

The income 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.

(l) Foreign currencies

(i) 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.

(ii) Accounts of overseas operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale.

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 2010

1 ACCOUNTING POLICIES (continued)

(m) 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.

(n) 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.

(o) 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 2010

1 ACCOUNTING POLICIES (continued)

(o) Pension obligations (continued)

It was agreed to allow for the full and immediate recognition in the Statement of Financial Position of the opening deficit at 1 January 2005 with any subsequent additional gains or losses being recognised over time with the 'corridor' approach. To date these subsequent gains or losses have not exceeded the corridor and hence none have yet been recognised.

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

(p) 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.

(q) Government grants

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

(r) 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.

(s) 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 2010

1 ACCOUNTING POLICIES (continued)

(s) Key assumptions and significant judgements (continued)

(ii) Property, plant and equipment

The property, plant and equipment used in the Group has 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 32 for further information.

(vi) Provisions

Provision is made for liabilities that are uncertain in timing or amount of settlement. These include provision for rectification and warranty claims. Calculations of these provisions are based on cash flows relating to these costs estimated by management, supported by the use of external consultants where needed, discounted at an appropriate rate where the impact of discounting is material.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

2 REVENUE

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

	2010 **€'000**	2009 **€'000**
Revenue from construction contracts	113,542	120,605
Sales of goods	286,051	305,178
	399,593	425,783

3 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	2010 **€'000**	2009 **€'000**
Cost of sales	255,415	283,300
Distribution costs	21,315	20,079
Administrative expenses	61,950	62,519
Other operating income (note 5)	(3,114)	(3,136)
Net operating expenses	80,151	79,462

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

4 OPERATING PROFIT

		2010 €'000	2009 €'000
Operating profit has been arrived at after charging:			
Directors' emoluments (note 8)		1,275	966
Depreciation of owned assets (note 15)		6,794	7,160
Amortisation of intangibles (note 14)		178	178
Impairment of property, plant and equipment (note 15)		-	14
Research and development costs		5,747	6,421
Loss on sale of property, plant and equipment		75	32
Fees payable to the Group's auditor for the audit of the Group's Accounts		101	101
Fees payable to the Group's auditor and its associates for other services			
	- the auditing of Subsidiary Accounts pursuant to legislation	491	403
	- other services relating to taxation	76	90
	- all other services	126	67
Operating leases	- land and buildings	2,336	2,743
	- other	323	525
Impairment of trade receivables		265	146
Cost of inventories recognised as an expense (included in cost of sales)		145,987	164,279
Write down of inventories		2,596	3,271
And after crediting:			
Profit on sale of property, plant and equipment		2,089	10
Net profit on foreign currency translation		360	2,882

LANGLEY

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2010

5 OTHER OPERATING INCOME

	2010	2009
	€'000	**€'000**
Public grants	724	96
Rents receivable	294	295
Other income	2,096	2,745
	3,114	3,136

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

6 FINANCE INCOME

	2010	2009
	€'000	**€'000**
Bank interest receivable	1,551	2,878
Other interest receivable	238	118
	1,789	2,996

7 FINANCE COSTS

	2010	2009
	€'000	**€'000**
Interest payable on bank borrowings repayable within five years	3	41
Pension scheme loan interest	-	50
Other interest	202	140
	205	231

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2010

8 KEY MANAGEMENT PERSONNEL COMPENSATION

	2010 €'000	2009 €'000
Salaries and short-term employee benefits	1,257	949
Post-employment benefits	18	17
	1,275	966

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

Directors' emoluments

	2010 €'000	2009 €'000
Aggregate emoluments as Directors of the Company	1,257	949
Value of Group pension contributions to money purchase schemes	18	17
	1,275	966
Emoluments of the highest paid Director	807	512
	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 2010

9 EMPLOYEE NUMBERS AND COSTS

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

	2010	2009
	No	**No**
Management, office and sales	936	994
Manufacturing and direct labour	1,285	1,270
	2,221	2,264

The aggregate payroll costs of these persons were as follows:

	2010	2009
	€'000	**€'000**
Wages and salaries	103,631	95,721
Social security costs	21,457	20,755
Other pension costs	1,567	1,913
	126,655	118,389

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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 €82,000 (2009 - €81,000) 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.

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

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

10 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes

The amounts recognised in the Income Statement are as follows:

	2010 €'000	2009 €'000
Current service cost	-	(1)
Interest cost on benefit obligations	546	521
Group life premiums	-	4
Expected return on schemes assets	(666)	(512)
Net benefit (income)/expense (included in staff costs)	(120)	12

	2010 €'000	2009 €'000
Actual return on schemes' assets	1,300	1,345

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

	2010 €'000	2009 €'000
Present value of funded obligations	(10,152)	(9,218)
Fair value of schemes assets	12,194	10,594
Net asset	2,042	1,376
Net actuarial losses unrecognised by pension scheme	(699)	(364)
Surplus not recoverable	(2,083)	(1,496)
UK Defined Benefit Scheme retirement benefit obligation (note 31)	(740)	(484)
Cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income	2,391	1,772

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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:

	2010 **€'000**	2009 **€'000**
Opening defined benefit obligations	(9,218)	(7,488)
Current service cost	-	1
Interest cost	(546)	(521)
Actuarial losses	(279)	(742)
Employee contributions	-	(24)
National Insurance rebates	-	(36)
Benefits paid	277	281
Exchange adjustment	(386)	(689)
Closing defined benefit obligations	(10,152)	(9,218)

	2010 **€'000**	2009 **€'000**
Obligations in defined benefits scheme	(8,430)	(7,390)
Obligations in hybrid scheme	(2,421)	(2,192)
Net actuarial loss unrecognised by scheme	699	364
	(10,152)	(9,218)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

10 RETIREMENT BENEFIT SCHEMES (continued)

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

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

	2010 **€'000**	2009 **€'000**
Opening fair value of scheme's assets	10,594	7,551
Expected return on assets	666	512
Actuarial gains	634	833
Contributions by employees	-	24
Contributions by employers	134	1,234
Group life premiums	-	(4)
National Insurance rebates	-	36
Benefits paid	(277)	(281)
Exchange adjustment	443	689
Closing fair value of scheme's assets	12,194	10,594

	2010 **€'000**	2009 **€'000**
Fair value of assets in defined benefits scheme	9,814	8,522
Fair value of assets in hybrid scheme	2,380	2,072
	12,194	10,594

The Group expects to contribute €154,000 to the defined benefit pension scheme and the defined benefit section of the hybrid scheme in 2011.

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

	2010	2009
Equity instruments	26.5%	27.6%
Diversified growth fund	19.2%	18.5%
Debt instruments	30.9%	31.3%
Gilts	18.4%	18.7%
Other	5.0%	3.9%

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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 2010	Hybrid scheme 2010	Defined benefits scheme 2009	Hybrid scheme 2009
Discount rate	5.40%	5.40%	5.95%	5.70%
Expected rate of return on assets				
- equity investments	7.60%	5.50%	7.85%	4.70%
- diversified growth fund	7.60%	-	7.85%	-
- debt investments	5.40%	3.50%	5.75%	2.70%
- gilts	4.35%	-	4.60%	-
- other	0.25%	3.50%	0.25%	2.70%
- weighted average	6.13%	4.61%	6.40%	3.85%
Future salary increases	5.00%	4.50%	5.00%	4.60%
Price inflation	3.50%	3.50%	3.55%	3.60%
Future pension increases:				
Overall increase	-	3.50%	-	3.60%
Guaranteed minimum pensions	2.65%	-	2.65%	-
1995 to 2005 excess over guaranteed minimum pensions	3.40%	-	3.45%	-
Post 2005 pensions	2.30%	-	2.30%	-

UK mortality assumptions

The mortality trends of both the defined benefits scheme and the hybrid scheme were assessed at 31 December 2010 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 2010

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:

		2010 In years	2009 In years
Retiring at 65 at reporting date	- male	22	22
	- female	25	25
Retiring at 65 at reporting date + 25 years	- male	24	24
	- female	27	27

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:

	2010 **€'000**	2009 **€'000**	2008 **€'000**	2007 **€'000**	2006 **€'000**
Defined benefit obligation	(8,430)	(7,390)	(5,963)	(8,749)	(9,270)
Scheme assets	9,814	8,522	5,906	8,614	9,020
Surplus/(deficit)	1,384	1,132	(57)	(135)	(250)
Experience adjustments on scheme liabilities	201	436	(1,042)	(731)	(133)
Experience adjustments on scheme assets	522	581	(1,271)	(294)	(28)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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:

	2010 **€'000**	2009 **€'000**	2008 **€'000**	2007 **€'000**	2006 **€'000**
Defined benefit obligation	(2,421)	(2,192)	(1,726)	(2,473)	(2,955)
Scheme assets	2,380	2,072	1,645	2,669	2,876
(Deficit)/surplus	(41)	(120)	(81)	196	(79)
Experience adjustments on scheme liabilities	78	306	(228)	(274)	106
Experience adjustments on scheme assets	112	252	(580)	(31)	89

(c) Overseas unfunded defined benefits schemes

The amounts recognised in the Income Statement are as follows:

	2010 **€'000**	2009 **€'000**
Benefit expense (included in staff costs)	(441)	(305)

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

	2010 **€'000**	2009 **€'000**
Opening defined benefit obligations	(8,026)	(8,977)
Utilised in year	39	37
Provided in year	(470)	-
Released in year	-	890
Reclassification	1,826	9
Other movement	(154)	25
Exchange adjustments	70	(10)
Closing defined benefit obligations (note 31)	(6,715)	(8,026)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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	
	2010	2009
Discount rate	5.00%	5.50%
Future salary and pension increases	1.50%	1.75%
Future pension increases: guaranteed rate for certain members	3.00%	3.00%

The obligations for the ARO Group schemes were determined using a discount rate of 3.32% to 4.50% (2009 - 3.59%).

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

	2010	2009	2008	2007	2006
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Defined benefit obligation	(6,715)	(8,026)	(8,977)	(8,825)	(10,077)

(d) Reconciliation to Statement of Financial Position

Note 31 contains a reconciliation of the retirement obligations to the Statement of Financial Position.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

11 INCOME TAX EXPENSE

(a) Charge for the year

	2010 €'000	2009 €'000
Current income tax:		
UK corporation tax at 28% (2009 - 28%)	2,486	3,552
Overseas tax	17,217	18,043
Adjustments to prior year UK tax	(855)	(1,730)
Adjustments to prior year overseas tax	2,044	(301)
Total current taxation	20,892	19,564
Deferred income tax:		
Movement in overseas deferred tax	(570)	5,794
Movement in UK deferred tax	(27)	97
Adjustments to prior year UK deferred tax	-	(114)
Total deferred taxation	(597)	5,777
Income tax expense	20,295	25,341

(b) Factors affecting tax expense

	2010 €'000	2009 €'000
Profit before taxation	65,611	65,786
Profit before taxation multiplied by the standard rate of tax of 28% (2009 - 28%)	18,371	18,420
Capital allowances in excess of depreciation	(189)	(470)
Expenses not deductible for tax purposes	1,428	1,881
Timing differences	(2,449)	4,112
Foreign tax adjustments	4,472	5,134
Utilisation of losses brought forward	(3,022)	(3,017)
Losses carried forward	146	1,311
Exchange adjustment	349	1
Adjustment to tax charge in previous period	1,189	(2,031)
Income tax expense	20,295	25,341

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

11 INCOME TAX EXPENSE (continued)

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €9,800,000 at 31 December 2010 (2009 - €13,000,000) available for carry forward against future trading profits. In addition the Claudius Peters Group had overseas tax losses of approximately €4,732,000 at 31 December 2010 (2009 - €4,067,000) available for carry forward against future trading profits of that Group

The ARO Group had overseas tax losses of approximately €558,000 at 31 December 2010 (2009 - €729,000) available for carry forward against future trading profits of that Group.

12 DIVIDENDS

Amounts recognised as distributions to the equity holder in the year:

	2010 **€'000**	2009 **€'000**
Interim: paid of €25 per share (2009 - €5 per share)	25,000	5,000

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 €53,549,000 (2009 - €85,217,000).

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

14 INTANGIBLE ASSETS

Group

	Positive Goodwill **€'000**	Patents and Licences **€'000**	Total **€'000**
Cost			
At 1 January 2010	1,951	2,628	4,579
Additions	-	1	1
Exchange adjustment	171	(6)	165
At 31 December 2010	2,122	2,623	4,745
Aggregate impairment and amortisation			
At 1 January 2010	-	1,749	1,749
Amortisation charge for the year	-	178	178
Exchange adjustment	-	(6)	(6)
At 31 December 2010	-	1,921	1,921
Net book values			
At 31 December 2010	2,122	702	2,824
At 31 December 2009	1,951	879	2,830
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

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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 2010	62,828	70,595	9,392	15,441	158,256
Additions	4,145	1,809	1,245	977	8,176
Disposals	-	(1,245)	(2,119)	(170)	(3,534)
Reclassification	-	(30)	2	28	-
Exchange adjustments	710	680	407	363	2,160
At 31 December 2010	67,683	71,809	8,927	16,639	165,058
Depreciation					
At 1 January 2010	28,154	56,955	4,640	14,156	103,905
Charge for the year	1,437	3,151	1,461	745	6,794
Disposals	-	(1,210)	(1,483)	(170)	(2,863)
Reclassification	-	(26)	-	26	-
Exchange adjustments	372	565	283	346	1,566
At 31 December 2010	29,963	59,435	4,901	15,103	109,402
Net book amounts					
At 31 December 2010	37,720	12,374	4,026	1,536	55,656
At 31 December 2009	34,674	13,640	4,752	1,285	54,351

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	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 2010

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 2010	5,931	2,116	1,414	391	9,852
Additions	2,542	5	199	61	2,807
Disposals	(3,298)	(118)	(165)	-	(3,581)
Exchange adjustments	250	90	59	16	415
At 31 December 2010	5,425	2,093	1,507	468	9,493
Depreciation					
At 1 January 2010	71	1,680	825	391	2,967
Disposals	(82)	(113)	(153)	-	(348)
Charge for the year	73	97	307	42	519
Exchange adjustments	2	71	34	17	124
At 31 December 2010	64	1,735	1,013	450	3,262
Net book amounts					
At 31 December 2010	5,361	358	494	18	6,231
At 31 December 2009	5,860	436	589	-	6,885

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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 2009	625	1,906	1,323	359	4,213
Additions	5,272	33	110	-	5,415
Disposals	-	-	(142)	-	(142)
Exchange adjustments	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
Exchange adjustments	-	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

The gross value of land and buildings is stated at:

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Freehold land and buildings				
Existing use open market value 2009	802	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	537	515	537	515
Existing use open market value 2002	1,524	1,524	-	-
Cost	53,628	48,827	4,888	5,416
	67,683	62,828	5,425	5,931

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

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	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Freehold land and buildings				
Cost	64,316	59,926	4,920	5,569
Aggregate depreciation	28,841	27,032	61	68

16 NON-CURRENT INVESTMENTS

	Company
	Shares in group undertakings
	€'000
Cost	
At 1 January 2010	6,415
Additions	25
Exchange adjustment	269
At 31 December 2010	6,709
Carrying amount	
At 31 December 2010	6,709
At 31 December 2009	6,415

	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

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2010

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2010:

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.

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2010 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 The Clarke Chapman Group Limited at 31 December 2010:

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.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Group GmbH at 31 December 2010:

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 SAS	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	

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Technologies GmbH at 31 December 2010:

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

The following companies are wholly owed unlisted trading subsidiaries of Piller Group GmbH at 31 December 2010:

Company	Country of Registration	Principal Activity
Piller Germany GmbH & Co KG	Germany	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 Australia Pty Limited	Australia	
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	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

16 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries of Bradman Lake Group Limited, at 31 December 2010:

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	

17 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2010	2009
	€'000	**€'000**
Other receivables	905	515
VAT recoverable	22	14
Pension scheme prepayment	83	1,797
	1,010	2,326

18 NON-CURRENT INCOME TAX RECOVERABLE

	Group	
	2010	2009
	€'000	**€'000**
Income tax	-	96

19 INVENTORIES

	Group		**Company**	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	27,355	22,840	-	11
Work in progress	17,592	23,045	-	-
Finished goods	8,120	3,765	-	-
	53,067	49,650	-	11

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

20 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the year end:

	Group	
	2010	2009
	€'000	**€'000**
Amounts due from contract customers included in trade and other receivables (note 21)	11,832	7,671
Amounts due to contract customers included in trade and other payables (note 24)	(4,738)	(1,120)
	7,094	6,551
Contract costs incurred plus recognised profit less recognised losses to date	142,519	74,470
Less: Progress billings	(135,425)	(67,919)
	7,094	6,551

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

21 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	73,506	54,668	84	65
Retentions	3,254	4,080	-	-
Amounts recoverable on construction contracts	11,832	7,671	-	-
Amounts owed by Group undertakings	-	-	14,097	24,825
Directors' current accounts (note 35)	17,317	-	17,317	-
Other receivables	12,710	14,561	1,467	750
VAT recoverable	2,393	1,469	324	151
Prepayments and accrued income	1,944	2,160	22	32
	122,956	84,609	33,311	25,823

For terms and conditions relating to related party receivables, refer to note 35.

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

	Group	
	2010	2009
	€'000	**€'000**
Balance at beginning of the year	2,742	2,578
Charge for the year	96	88
Amounts written off	(186)	534
Unused amounts reversed	(556)	(476)
Exchange adjustments	29	18
Balance at end of the year	2,125	2,742

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					
2010	8,376	6,327	2,377	2,793	978
2009	8,038	2,810	983	2,843	767
Company					
2010	-	-	4	76	-
2009	-	-	4	57	-

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Cash in hand and at bank in current accounts	186,835	193,610	58,360	48,306

23 CURRENT INCOME TAX RECOVERABLE

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Income tax	4,218	7,774	415	-

24 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Trade payables	28,914	23,233	286	223
Other payables	5,622	7,417	80	74
Other taxes and social security	5,993	4,104	48	49
Accruals and deferred income	34,345	36,834	245	83
VAT payable	2,667	2,182	-	-
Directors' current accounts (see note 35)	-	1,243	-	1,243
Amounts owed to Group undertakings	-	-	2,829	13,027
Payments on account	58,680	52,573	-	-
Amounts due on construction contracts	4,738	1,120	-	-
	140,959	128,706	3,488	14,699

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

25 PROVISIONS

Group

	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2010	21,090	5,165	26,255
Additional provision recognised	5,683	1,044	6,727
Provision utilised during the year	(5,095)	(1,492)	(6,587)
Provision released during the year	(3,997)	(2,757)	(6,754)
Exchange adjustments	245	(75)	170
Balance at 31 December 2010	17,926	1,885	19,811
Current	14,455	1,765	16,220
Non-current	3,471	120	3,591

	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 the year	(2,000)	(1,407)	(3,407)
Exchange adjustments	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

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 2010

26 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Income tax	6,223	7,976	-	1,124

27 SHORT TERM BORROWINGS

	Group	
	2010	2009
	€'000	**€'000**
Bank overdraft	-	25

The Company has no short term borrowings.

28 CURRENT PORTION OF LONG TERM BORROWINGS

	Group	
	2010	2009
	€'000	**€'000**
Bank loans	-	151
Other loans	20	20
	20	171

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2010

29 LONG TERM BORROWINGS

	Group	
	2010	2009
	€'000	**€'000**
Bank loans	-	291
Other loans	80	100
	80	391
Due within one year (included in current liabilities)	(20)	(171)
	60	220
Amounts payable:		
Between one and two years	20	100
Between two and five years	40	120
	60	220

The fair value of the loans are approximately equivalent to the book value disclosed above. Interest was charged at 0% (2009 - 0% to 6.3%) on those loans during the year.

The Company has no long term borrowings.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

30 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2010	2009
	€'000	**€'000**
Trade payables	968	638
Other payables	-	304
Accruals and deferred income	9,445	4,541
	10,413	5,483

31 RETIREMENT BENEFIT OBLIGATIONS

Group

	2010	2009
	€'000	**€'000**
At 1 January 2010	8,510	9,259
Utilised in the year	(39)	(37)
Total expense/(credit) charged in the Income Statement in the year	350	(882)
Transfer direct to equity on actuarial loss	567	1,424
Contributions paid	(134)	(1,231)
Reclassification	(1,826)	-
Other movements	154	(34)
Exchange adjustments	(127)	11
At 31 December 2010	7,455	8,510
UK Defined Benefit Schemes (note 10(b))	740	484
Overseas Unfunded Refined Benefit Obligations (note 10(c))	6,715	8,026
Retirement benefit obligation in Statement of Financial Position	7,455	8,510

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

32 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	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
Deferred tax assets	(7,345)	(6,534)	-	-
Deferred tax liabilities	11,381	11,735	33	63
	4,036	5,201	33	63

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

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2010	5,201	(308)	63	85
On revaluation in year charged to equity	-	129	-	-
Transfer to revaluation reserve	(53)	(5)	(6)	(5)
Income Statement (credit)/charge (note 11)	(597)	5,777	(27)	(25)
Release to equity on actuarial loss	(159)	(384)	-	-
Exchange adjustments	(356)	(8)	3	8
At 31 December 2010	4,036	5,201	33	63

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

32 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 €'000	Tax losses €'000	Other short term temporary differences €'000	Retirement benefit obligations €'000	Fair value gains €'000	Total €'000
At 1 January 2009	2,798	(2,151)	(1,216)	(279)	540	(308)
(Credit)/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 adjustments	(3)	(1)	(4)	1	(1)	(8)
At 31 December 2009	2,320	351	2,539	(597)	588	5,201
Charge/(credit) to income	57	(1,291)	875	(285)	47	(597)
Release to equity on actuarial loss	-	-	-	(159)	-	(159)
Transfer to revaluation reserve	-	-	-	-	(53)	(53)
Exchange adjustments	(193)	76	(276)	83	(46)	(356)
At 31 December 2010	2,184	(864)	3,138	(958)	536	4,036

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

32 DEFERRED INCOME TAX (continued)

Company

	Fair value gains €'000	Total €'000
At 1 January 2009	85	85
Credit to income	(25)	(25)
Credit to equity	(5)	(5)
Exchange adjustments	8	8
At 31 December 2009	63	63
Credit to income	(27)	(27)
Credit to equity	(6)	(6)
Exchange adjustments	3	3
At 31 December 2010	33	33

Unprovided deferred taxation

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Accelerated tax depreciation	128	101	111	136
Tax losses available	982	1,293	-	-
Other short term timing differences	243	351	-	-
Retirement benefit obligation	91	66	-	-
	1,444	1,811	111	136

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 relevant taxable profits to utilise these assets in the near future.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

33 CONTINGENT LIABILITIES

Contingent liabilities exist at the year end in respect of:

	Group		Company	
	2010	2009	2010	2009
	€'000	**€'000**	**€'000**	**€'000**
UK Group bank guarantees	-	-	10,386	9,056
UK Group value added tax	-	-	567	508
UK Group bonds, guarantees and indemnities	1,137	4,622	1,137	4,583
Overseas bank guarantees	60,946	63,117	-	-
Overseas bonds, guarantees and indemnities	17,192	23,930	-	-
	79,275	91,669	12,090	14,147

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.

34 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise borrowings, cash and short term deposits, other 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 borrowings held.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

34 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 €'000	Increase/decrease US dollar rate	Effect on profit before tax €'000
2010	+10%	(953)	+10%	(949)
	-10%	1,165	-10%	1,160
2009	+10%	(1,019)	+10%	(873)
	-10%	1,245	-10%	1,068

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 risk 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 2010

34 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.

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.

35 RELATED PARTY TRANSACTIONS

At 31 December 2010, A J Langley owed €17,317,000 (2009 was owed - €1,243,000) to the Company. The maximum overdrawn balance during the year was €17,317,000 (2009 - €3,795,000). The full amount has been repaid since the year end.

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	
	2010	2009	2010	2009
Company	**€'000**	**€'000**	**€'000**	**€'000**
The ARO group of companies	408	323	341	3,244
The Bradman Lake group of companies	292	281	4,050	4,705
The Clarke Chapman group of companies	281	329	30	(23)
The Claudius Peters group of companies	1,479	1,522	178	(508)
The Piller group of companies	78	120	(987)	6
Other group companies	240	230	7,656	4,374

Transactions with related parties are at market value, and are unsecured. The Company has recorded a €264,000 impairment of receivables relating to amounts owed by a subsidiary undertaking (2009 - €2,152,000)

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

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

35 RELATED PARTY TRANSACTIONS (continued)

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

Company	2010 **€'000**	2009 **€'000**
The ARO group of companies	-	2
The Clarke Chapman group of companies	5	1
The Claudius Peters group of companies	-	633
The Piller group of companies	-	179
Other companies	5	-

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

	Amount outstanding at the year end	
Company	2010 **€'000**	2009 **€'000**
The ARO group of companies	20	27
The Bradman Lake group of companies	163	171
The Clarke Chapman group of companies	-	18
Other group companies	354	213

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

36 SHARE CAPITAL

	2010 **€'000**	2009 **€'000**
Authorised:		
1,000,000 ordinary shares of £0.10 each	163	163
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 2010

37 REVALUATION RESERVE

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

38 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation reserves of €(6,564,000) (2009 - €(11,493,000)). Included within the retained earnings reserve for the Company is €(168,000) (2009 - €(1,565,000)) of foreign currency translation reserves.

The net currency exchange difference arising on retranslation in the year was a gain of €4,929,000 (2009 – loss of €1,787,000) for the Group and gain of €1,397,000 (2009 – loss of €1,412,000) for the Company. The foreign currency translation reserves contain the accumulated foreign currency translation differences from the translation of the Accounts of the Group's foreign operations arising when the Group's entities are consolidated.

39 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:

	2010 **€'000**	2009 **€'000**
Within one year	1,402	2,388
In two to five years	2,038	3,787
After five years	30	340
	3,470	6,515

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

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

40 CASH GENERATED FROM OPERATIONS

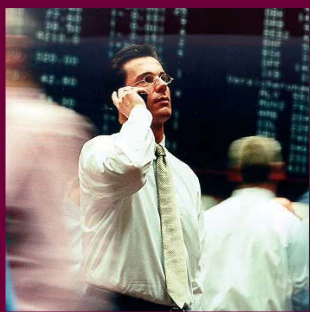
Group	2010 **€'000**	2009 **€'000**
Profit before taxation	65,611	65,786
Depreciation	6,794	7,160
Impairment of property, plant and equipment	-	14
(Profit)/loss on sale of property, plant and equipment	(2,014)	22
Amortisation of intangibles	178	178
Investment income	(1,789)	(2,996)
Interest expense	205	231
(Increase)/decrease in inventories	(3,417)	19,394
(Increase)/decrease in trade and other receivables	(38,716)	15,299
Increase/(decrease) in trade and other payables	10,569	(18,949)
Movement in retirement benefit obligations	309	(749)
Exchange adjustments	1,272	(5,711)
Cash generated from operations	39,002	79,679

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2010

40 CASH GENERATED FROM OPERATIONS (continued)

Company	2010 **€'000**	2009 **€'000**
Profit before taxation	53,301	86,322
Depreciation	519	494
(Profit)/loss on sale of property, plant and equipment	(312)	20
Dividend income received	(52,694)	(85,818)
Investment income	(954)	(788)
Interest expense	11	833
Decrease/(increase) in inventories	11	(11)
Increase in trade and other receivables	(4,523)	(11,808)
Decrease in trade and other payables	(11,211)	(21,449)
Exchange adjustments	806	(2,879)
Cash used in operations	(15,046)	(35,084)



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