

Company Registration No. 06916722 (England and Wales)

PROCESS COMPONENTS LIMITED
ANNUAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2010

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COMPANIES HOUSE

PROCESS COMPONENTS LIMITED

DIRECTORS AND ADVISERS

Directors	A Goodwin D McKelvey	(Appointed 9 July 2009) (Appointed 27 May 2009)
Secretary	H Wild	
Company number	06916722	
Registered office	Graphic House Bank Street Macclesfield Cheshire SK11 7AR	
Registered auditors	Hazlewoods LLP Windsor House Barnett Way Barnwood Gloucester GL4 3RT	

PROCESS COMPONENTS LIMITED

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PROCESS COMPONENTS LIMITED

DIRECTORS' REPORT

For the period ended 30 June 2010

Company Registration No. 06916722 (England and Wales)

The directors present their report and financial statements for the period ended 30 June 2010

Principal activities and review of the business

The company was incorporated on 27 May 2009 and on 30 June 2009 acquired part of the trade and certain assets of Kemutec Powder Technologies Limited (in administration)

The principal activity of the group was that of the distribution of powder handling machines and the manufacture and supply of commodity components for these machines

The directors use standard key performance indicators ("KPIs") to monitor the business. The main KPIs used are turnover and gross profit

The results for the period and the financial position at the period end were considered satisfactory. The directors expect the group to remain profitable for the foreseeable future

Results and dividends

The consolidated profit and loss account for the period is set out on page 5

Directors

The following directors have held office since 27 May 2009

A Goodwin	(Appointed 9 July 2009)
D McKelvey	(Appointed 27 May 2009)
J Beshoff	(Appointed 27 May 2009 and resigned 27 May 2009)

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements centrally in order to ensure the group has sufficient resources to meet its operating needs

Interest rate risk

The majority of the group's borrowings are at a fixed rate of interest and as such, the group is not subject to the risk that cash flows will be effected by changing bank base rates

Foreign currency risk

The group's principal foreign currency exposures arise from the consolidation of overseas subsidiaries. Certain of the group's borrowings are denominated in US dollars, which mitigates this exposure

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary

Auditors

Hazlewoods LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

PROCESS COMPONENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

For the period ended 30 June 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

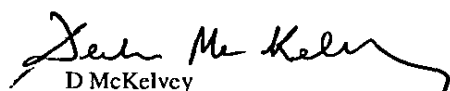
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



D McKelvey

Director

24 February 2011

PROCESS COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROCESS COMPONENTS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Process Components Limited for the period ended 30 June 2010 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2010 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

PROCESS COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PROCESS COMPONENTS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Fussell (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP

24 February 2011

Chartered Accountants
Statutory Auditor

Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

PROCESS COMPONENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 June 2010

	Notes	Period ended 30 June 2010 £
Turnover	2	3,766,121
Cost of sales		(1,869,538)
Gross profit		1,896,583
Administrative expenses - normal		(1,290,283)
Administrative expenses - exceptional	3	(60,498)
Operating profit	3	545,802
Other interest receivable and similar income		179
Interest payable and similar charges	4	(121,275)
Profit on ordinary activities before taxation	3	424,706
Tax on profit/(loss) on ordinary activities	5	(148,418)
Profit on ordinary activities after taxation		276,288

The profit and loss account has been prepared on the basis that all operations are continuing operations

PROCESS COMPONENTS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the period ended 30 June 2010

	Period ended 30 June 2010 £
Profit for the financial period	276,288
Currency translation differences on foreign currency net investments	11,404
Total recognised gains and losses relating to the period	<u>287,692</u>

PROCESS COMPONENTS LIMITED

BALANCE SHEETS

As at 30 June 2010

	Notes	Group 2010 £	Company 2010 £
Fixed assets			
Intangible assets	7	1,029,714	1,029,714
Tangible assets	8	137,493	87,319
Investments	9	-	114,815
		<u>1,167,207</u>	<u>1,231,848</u>
Current assets			
Stocks	10	278,214	201,531
Debtors	11	756,959	414,480
Cash at bank and in hand		335,107	51,380
		<u>1,370,280</u>	<u>667,391</u>
Creditors: amounts falling due within one year	12	(774,685)	(378,981)
Net current assets		<u>595,595</u>	<u>288,410</u>
Total assets less current liabilities		<u>1,762,802</u>	<u>1,520,258</u>
Creditors: amounts falling due after more than one year	13	(1,475,010)	(1,408,657)
		<u>287,792</u>	<u>111,601</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	287,692	111,501
Shareholders' funds	17	<u>287,792</u>	<u>111,601</u>

Approved by the Board and authorised for issue on 24 February 2011


D McKelvey
Director

PROCESS COMPONENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2010

		Period ended 30 June 2010 £
Net cash inflow from operating activities		520,032
Returns on investments and servicing of finance		
Interest received	179	
Interest paid	(29,383)	
Net cash outflow for returns on investments and servicing of finance		(29,204)
Taxation		(18,015)
Capital expenditure		
Payments to acquire tangible assets	(77,801)	
Net cash outflow for capital expenditure		(77,801)
Acquisitions and disposals		
Purchase of business	(1,532,139)	
Net cash outflow for acquisitions and disposals		(1,532,139)
Net cash outflow before management of liquid resources and financing		(1,137,127)
Financing		
Issue of ordinary share capital	100	
New Deep Discount Bonds/shareholder loans	1,425,000	
Repayment of long term bank loan	(10,127)	
Increase in debt	1,414,873	
Net cash inflow from financing		1,414,973
Increase in cash in the year		277,846

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2010

1 Reconciliation of operating profit to net cash inflow from operating activities 2010 £

Operating profit	545,802
Depreciation of tangible assets	28,109
Amortisation of intangible assets	114,413
Decrease in stocks	146,593
Increase in debtors	(459,090)
Increase in creditors within one year	144,205
Net cash inflow from operating activities	520,032

2 Analysis of net debt	On acquisition £	Cash flow £	Non cash-flow £	30 June 2010 £
Net cash				
Cash at bank and in hand	57,261	277,846	-	335,107
Bank loan	(120,715)	10,127	-	(110,588)
Deep discount bonds	-	(1,425,000)	(91,892)	(1,516,892)
	(120,715)	(1,414,873)	(91,892)	(1,627,480)
Net debt	(63,454)	(1,137,027)	(91,892)	(1,292,373)

Non-cash changes relate to accrued finance charges

3 Reconciliation of net cash flow to movement in net debt 2010 £

Increase in cash in the period	277,846
Cash inflow from increase in debt	(1,414,873)
Accrued finance charges	(91,892)
Movement in net debt in the period	(1,128,919)
Net debt acquired	(63,454)
Closing net debt	(1,292,373)

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

In accordance with the Financial Reporting Council's "Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009" the directors of all companies are required to provide disclosure regarding the adoption of the going concern basis accounting

The group has traded profitably in the period and generated positive operating cash flows. The group has prepared financial forecasts that indicate that the group will continue to trade profitably and to meet all liabilities (including debt servicing liabilities) as they fall due. On this basis, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2010. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	5 years over the life of the lease
Plant and machinery	14 - 20% of cost per annum
Fixtures, fittings & equipment	10 - 33% of cost per annum
Motor vehicles	20% of cost per annum

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

1 Accounting Policies

(Continued)

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

The financial statements of consolidated overseas subsidiary undertakings are translated using the rate of exchange ruling at the balance sheet date for balance sheet items, and the average exchange rate in the year for profit and loss account items. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other transaction differences are taken to the profit and loss account.

2 Turnover

The total turnover of the group for the period has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2010 £
Geographical segment	
United Kingdom	868,185
United States of America	2,190,219
Rest of the World	707,717
	3,766,121

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

3	Operating loss	2010
		£
	Operating loss is stated after charging	
	Amortisation of intangible assets	114,413
	Depreciation of tangible assets	28,109
	Operating lease rentals	
	- Plant and machinery	13,176
	- Other assets	83,925
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £6,000)	10,000
	Fees payable to the group's auditor for taxation compliance	4,000

During the period the Company incurred exceptional administrative expenses in connection with the incorporation of the Company and subsequent acquisition of the trade and assets of a company in administration as follows,

	2010
	£
Loan set up fees	4,750
Corporate finance (post deal support) fees	12,500
Legal fees	13,888
Integration costs (wages and salaries)	11,237
Ransom creditor payments	13,695
Other	4,428

	60,498
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4	Interest payable	2010
		£
	On bank loan	4,985
	Other interest	116,290

	121,275
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Other interest includes £111,892 in respect of loans due to the group's parent undertaking

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

5	Taxation	2010
		£
	Domestic current year tax	
	U K corporation tax	122,848
	Foreign corporation tax	
	Foreign corporation tax	47,618
	Current tax charge	170,466
	Deferred tax	
	Deferred tax charge/credit current year	(22,048)
		148,418
	Factors affecting the tax charge for the period	
	Profit on ordinary activities before taxation	424,706
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00%	118,918
	Effects of	
	Non deductible expenses	66,689
	Capital allowances in excess of depreciation	(3,286)
	Other adjustments (including those on consolidation)	(11,855)
		51,548
	Current tax charge	170,466

6 Profit for the financial period

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial period dealt with in the parent company's profit and loss account is as follows

	2010
	£
Holding company's profit for the financial period	111,501

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

7 Intangible fixed assets Group

	Goodwill £
Cost	
Additions	1,144,127
At 30 June 2010	1,144,127
Amortisation	
Charge for the period	114,413
At 30 June 2010	114,413
Net book value	
At 30 June 2010	1,029,714

On 30 June 2009, the Group acquired part of the trade and certain assets of Kemutec Powder Technologies Limited (in administration) ("Kemutec"). The fair value of the assets acquired is set out below. The book value of these assets is not available. Kemutec Powder Technologies Limited (in administration) was controlled by EPE Special Opportunities plc, the ultimate parent undertaking of Process Components Limited.

	Fair value at date of acquisition £
Stock	424,807
Fixed assets	78,363
Trade and other debtors	275,721
Cash at bank	57,261
Trade and other payables	(327,425)
Bank loans	(120,715)
	388,012
Consideration (including acquisition costs)	1,532,139
Goodwill	1,144,127

The acquisition was financed, in part, by a loan of £1,350,000 provided by EPIC Structured Finance Limited ("EPIC") (a subsidiary of EPE Special Opportunities plc), the company's immediate parent undertaking. The substance of the transaction is that loans of £1,350,000 due from Kemutec to EPIC were assigned to Process Components Limited.

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

7 Intangible Fixed Assets

(Continued)

Company	Goodwill £
Cost	
Additions	1,144,127
At 30 June 2010	1,144,127
Amortisation	
Charge for the period	114,413
At 30 June 2010	114,413
Net book value	
At 30 June 2010	1,029,714

On 30 June 2009, the Company acquired part of the trade and certain assets of Kemutec Powder Technologies Limited (in administration). The fair value of the assets acquired is set out below. The book value of these assets is not available.

	Fair value at date of acquisition £
Stock	248,197
Fixed assets	25,000
Investment	114,815
	388,012
Consideration (including acquisition costs)	1,532,139
Goodwill	1,144,127

Refer to note above for further details

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

8 Tangible fixed assets Group

	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
On acquisition	16,294	273,811	77,986	5,621	373,712
Exchange differences	2,242	6,514	682	-	9,438
Additions	45,748	1,500	30,553	-	77,801
Disposals	-	-	-	(5,621)	(5,621)
At 30 June 2010	64,284	281,825	109,221	-	455,330
Depreciation					
On acquisition	3,798	212,498	74,180	4,873	295,349
On disposals	-	-	-	(5,621)	(5,621)
Charge for the period	3,754	16,151	7,456	748	28,109
At 30 June 2010	7,552	228,649	81,636	-	317,837
Net book value					
At 30 June 2010	56,732	53,176	27,585	-	137,493

Tangible fixed assets Company

	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
On acquisition	-	25,000	-	25,000
Additions	45,748	1,500	26,333	73,581
At 30 June 2010	45,748	26,500	26,333	98,581
Depreciation				
On acquisition	-	-	-	-
Charge for the period	3,157	2,525	5,580	11,262
At 30 June 2010	3,157	2,525	5,580	11,262
Net book value				
At 30 June 2010	42,591	23,975	20,753	87,319

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

9 Fixed asset investments

Company

Shares in
group
undertakings
£

Cost and net book value

Acquired with the business

114,815

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company

Country of registration or incorporation

Shares held

Class %

Subsidiary undertakings

Kemutec Group Inc

USA

Ordinary

100

The principal activity of Kemutec Group Inc for the last financial year was the distribution of powder processing equipment

10 Stocks

Group
2010
£

Company
2010
£

Machine parts

278,214

201,531

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

11 Debtors

	Group 2010 £	Company 2010 £
Trade debtors	512,356	224,702
Amounts owed by subsidiary undertaking	-	59,818
Other debtors	119,241	38,740
Prepayments and accrued income	103,314	69,172
Deferred tax asset (see note 14)	22,048	22,048
	<u>756,959</u>	<u>414,480</u>

12 Creditors : amounts falling due within one year

	Group 2010 £	Company 2010 £
Bank loan	44,235	-
Trade creditors	134,531	102,934
Corporation tax	152,451	122,848
Other taxes and social security costs	13,256	12,446
Other creditors	349,206	112,529
Accruals and deferred income	80,906	28,124
Preference shares classed as a financial liability	100	100
	<u>774,685</u>	<u>378,981</u>

The bank loan is secured by a fixed and floating charge over the assets of the company

Other creditors includes an amount of £108,235 in respect of Deep Discount Bonds, details of which are set out in note 13

On 11 June 2010, the company issued 100 deferred shares of £1 each to EPIC for a total consideration of £104,756, which was settled by way of the capitalisation of unpaid accrued interest of the same amount. The economic substance of this transaction is considered to be that the unpaid accrued interest was effectively rolled over into the Deep Discount Bonds described in note 13. Consequently, no premium arises on the preference shares issued in the year.

The holders of the deferred shares are entitled, in priority, to the holders of any other shares to a non-cumulative cash dividend of 5% per annum of the nominal value of each deferred share. On a return of capital, the holders of the deferred shares are entitled to the nominal amount after the ordinary shares receive the amounts paid up on them together with £10,000,000 per share. Members holding deferred shares are not entitled to receive notice of nor attend and speak at any general meeting.

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

13 Creditors : amounts falling due after more than one year

	Group 2010 £	Company 2010 £
Bank loans	66,353	-
Deep Discount Bonds	1,408,657	1,408,657
	<u>1,475,010</u>	<u>1,408,657</u>
Analysis of loans		
Wholly repayable within five years	1,627,480	1,516,892
Included in current liabilities	(152,470)	(108,235)
	<u>1,475,010</u>	<u>1,408,657</u>
Bank loan maturity analysis		
In less than one year	44,235	-
In more than one year but not more than two years	44,235	-
In more than two years but not more than five years	22,118	-
	<u>110,588</u>	<u>-</u>
Deep Discount Bond maturity analysis		
In less than one year	108,235	108,235
In more than one year but not more than two years	118,088	118,088
In more than two years but not more than five years	1,290,569	1,290,569
	<u>1,516,892</u>	<u>1,516,892</u>

On 30 June 2010, the company took on debt from EPIC (as referred to in note 7 of these financial statements) of £1,350,000. A further EPIC loan facility of £100,000 was drawn down in the period. On 11 June 2010, the loan balance at that date, comprising a principle amount of £1,425,000 and unpaid accrued interest of £104,756, was converted into Deep Discount Bonds ("DDB's"). Since that date, DDB interest of £7,136 has accrued and loan repayments of £20,000 have been made. DDBs are secured by way of a fixed and floating charge over the assets of the Group.

The DDBs are held by EPIC Structured Finance Limited, the company's immediate parent undertakings.

The DDBs are redeemable in staged installments, the last of which falls due on 31 May 2013. The DDBs have an effective finance cost of 9.75% per annum, payable monthly in arrears. Voluntary early redemption can be made. The redemption premium is added to the subscription price and attracts an effective finance cost at the same rates.

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

14 Provisions for liabilities

The deferred tax asset (included in debtors, note 11) is made up as follows:

	Group 2010 £	Company 2010 £
Profit and loss account	(22,048)	(22,048)
	<u>(22,048)</u>	<u>(22,048)</u>
	Group 2010 £	Company 2010 £
Accelerated capital allowances	3,682	3,682
Other timing differences	(25,730)	(25,730)
	<u>(22,048)</u>	<u>(22,048)</u>

15 Share capital

**2010
£**

Allotted, called up and fully paid
100 Ordinary shares of £1 each

100

On incorporation, the company issued 1 ordinary share of £1 each at par

On 11 June 2010, the company issued 99 ordinary shares of £1 each at par, being 15 ordinary shares of £1 each issued to A Goodwin (a director of the company) and 84 ordinary shares of £1 each to EPIC Structured Finance Limited ("EPIC") (the company's immediate parent undertaking)

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

16 Statement of movements on profit and loss account Group

Profit and loss
account
£

Profit for the period	276,288
Foreign currency translation differences	11,404
Balance at 30 June 2010	287,692

Company

Profit and loss
account
£

Profit for the period	111,501
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17 Reconciliation of movements in shareholders' funds Group

2010
£

Profit for the financial period	276,288
Other recognised gains and losses	11,404
Proceeds from issue of shares	100
Net addition to shareholders' funds	287,792
Opening shareholders' funds	-
Closing shareholders' funds	287,792

Company

2010
£

Profit for the financial period	111,501
Proceeds from issue of shares	100
Net addition to shareholders' funds	111,601
Opening shareholders' funds	-
Closing shareholders' funds	111,601

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

18 Financial commitments

At 30 June 2010 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	Other
	2010	2010
	£	£
Expiry date		
Between two and five years	83,925	13,176

At 30 June 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	Other
	2010	2010
	£	£
Expiry date		
Between two and five years	30,000	8,417

19 Directors' emoluments

	2010 £
Emoluments for qualifying services	103,005
Company pension contributions to money purchase schemes	5,250
	108,255

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1

20 Transactions with directors

During the period, D McKelvey charged the company management fees of £10,363

PROCESS COMPONENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2010

21 Employees

Number of employees

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

	2010 Number
Sales and distribution	10
Administration	18
	<u>28</u>

Employment costs

	2010 £
Wages and salaries	735,555
Social security costs	69,000
Other pension costs - defined contributions	33,217
	<u>837,772</u>

22 Control

The ultimate parent company is EPE Special Opportunities plc, a company registered in the Isle of Man

23 Related party transactions

Company

EPIC Structured Finance Limited is a wholly owned subsidiary of EPE Special Opportunities Plc, the company's ultimate parent undertaking. At the period end, the company owed EPIC Structured Finance Limited £1,516,892 in respect of the deep discounted bonds, as described in note 13 to these accounts.

During the period, the company acquired part of the trade and assets of Kemutec Powder Technologies Limited (in administration), a company controlled by EPE Special Opportunities plc. Refer to note 7 of these financial statements for details.

During the period, the company incurred monitoring fees and rechargeable expenses of £15,000 from EPIC Private Equity LLP, advisor to EPE Special Opportunities plc.

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with Kemutec Group Inc on the grounds that these consolidated financial statements incorporate the results of that company.