Registration number 05849921

Extract Technology Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011



Extract Technology Limited

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Extract Technology Limited

Company Information

Directors	V L Vescovo T W Beneski B T Walker D C Chapple
Company secretary	T W Beneski
Registered office	Bradley Junction Industrial Estate Leeds Road Huddersfield West Yorkshire HD2 1UR
Bankers	HSBC plc 2 Cloth Hall Street Huddersfield HD1 2ES
Auditors	Hawsons Chartered Accountants, Statutory Auditors Pegasus House 463a Glossop Road Sheffield S10 2QD

Extract Technology Limited

Directors' Report for the Year Ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

Directors of the company
The directors who held office during the year were as follows

V L Vescovo

T W Beneski

B T Walker

D C Chapple

B C Bethea (resigned 11 February 2011)

Principal activity
The principal activity of the company is the manufacture and supply of containment systems for the pharmaceutical, chemical and biotech markets

Business review

Fair review of the business
Throughout 2011 Extract Technology Limited increased the sales focus in Europe with a view to increasing market share in these areas Success was achieved with capital equipment sales in Europe increasing by 85% on 2010 figures

In 2011 the general industry trend continued to move towards higher containment classifications as operator exposure control bands became ever tighter, reflected in increased Isolator sales of 72% Additionally the requirement for product protection as well as the need for increased sterility assurance has led to increased sales for Aseptic solutions

Throughout 2011 Extract has continued to develop its Isolator product range, both containment and aseptic, that will satisfy the customer's requirements in the changing market and support new market opportunities Additionally the company has also added a number of bespoke flexible and acrylic isolators to its product portfolio

Principal risks and uncertainties
The Company strategy and operation is subject to a number of risks and uncertainties, including exchange rate fluctuations and the stability of the greater macro economic environment under which all companies operate However, the Board and the management of the Company are fully aware of these factors and they are closely monitored for their impact on present and future operations

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for the reader of the accounts to gain an understanding of the development, performance or position of the business

Results and dividend
The results for the company are set out in the financial statements

The directors do not recommend the payment of a dividend

Research and development
The company will continue its policy of investment in research and development in order to retain a competitive position in the market

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Disclosure of information to the auditors
The directors of the company who held office at the date of the approval of this Annual Report as set out above each confirm that

• so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

• they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Reappointment of auditors
The auditors Hawsons are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on Feb 20, 2012 and signed on its behalf by

B T Walker
Director

Extract Technology Limited

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 profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They 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

Independent Auditor's Report to the Members of Extract Technology Limited

We have audited the financial statements of Extract Technology Limited for the year ended 31 December 2011, set out on pages 7 to 19 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 auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the 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 In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of Extract Technology Limited

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Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Martyn Weatherall (Senior Statutory Auditor)
For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Date 22 feb 2012

Extract Technology Limited

Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	8,893,088	8,367,291
Cost of sales		(7,307,612)	(6,977,901)
Gross profit		1,585,476	1,389,390
Administrative expenses		(1,332,763)	(1,166,965)
Operating profit	3	252,713	222,425
Interest payable and similar charges	5	(12)	(14)
Profit on ordinary activities before taxation		252,701	222,411
Tax on profit on ordinary activities	6	(50,985)	(69,195)
Profit for the financial year	14	201,716	153,216

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

Extract Technology Limited
(Registration number: 05849921)
Balance Sheet at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible fixed assets	7	351,750	375,306
Tangible fixed assets	8	1,481,753	1,513,897
		1,833,503	1,889,203
Current assets			
Stocks	9	211,773	178,888
Debtors	10	4,903,827	4,786,584
Cash at bank and in hand		337,301	367,134
		5,452,901	5,332,606
Creditors Amounts falling due within one year	11	(2,130,171)	(2,267,292)
Net current assets		3,322,730	3,065,314
Net assets		5,156,233	4,954,517
Capital and reserves			
Called up share capital	13	671	671
Share premium account	14	3,582,791	3,582,791
Profit and loss account	14	1,572,771	1,371,055
Shareholders' funds	15	5,156,233	4,954,517

These financial statements were approved and authorised for issue by the Board on Feb 20, 2012 and signed on its behalf by

B T Walker
Director

D C Chapple
Director

Extract Technology Limited

Cash Flow Statement for the Year Ended 31 December 2011

Cash flow statement

	Note	2011 £	2010 £
Net cash inflow from operating activities	18	26,677	292,126
Returns on investments and servicing of finance			
Interest paid		(12)	(14)
Taxation paid		(5,452)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(51,046)	(48,209)
Net cash (outflow)/inflow before management of liquid resources and financing		(29,833)	243,903
(Decrease)/increase in cash		(29,833)	243,903

Reconciliation of net cash flow to movement in net debt

	Note	2011 £	2010 £
(Decrease)/increase in cash		(29,833)	243,903
Movement in net debt		(29,833)	243,903
Net funds at 1 January	19	367,134	123,231
Net funds at 31 December	19	337,301	367,134

1 Accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention

Turnover
Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Goodwill
Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life The directors consider the useful economic life to be 20 years It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Depreciation
Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Long leasehold land and buildings	2% straight line basis
Plant and machinery	10% -20% straight line basis
Fixtures and fittings	10% straight line basis
Office equipment	33% straight line basis

Research and development
Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured Any expenditure carried forward is amortised in line with the expected future sales from the related project

Stock and work in progress
Stock and work in progress is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks Net realisable value is based on selling price less anticipated costs to completion and selling costs Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract Revenues derived from variations on contracts are recognised only when they have been accepted by the customer Full provision is made for losses on all contracts in the year in which they are first foreseen

Deferred tax
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currencies
Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date All exchange differences are included in the profit and loss account

Hire purchase and leasing
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions
The company operates a defined contribution pension scheme Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account

2 Turnover

An analysis of turnover by geographical location is given below

	2011 £	2010 £
Sales - United Kingdom	1,992,564	2,521,254
Sales - Europe	4,581,321	3,256,822
Sales - North America	880,897	1,515,232
Sales - Rest of World	1,438,306	1,073,983
	8,893,088	8,367,291

3 Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Operating leases - plant and machinery	75,848	74,588
Auditor's remuneration	7,700	7,600
Foreign currency losses	74,561	111,900
Depreciation of tangible fixed assets	83,190	114,782
Amortisation of intangible fixed assets	23,556	23,556
Current year research and development expenditure	26,093	5,115

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2011 No	2010 No
Administration	7	6
Production	49	51
Sales and marketing	5	5
	61	62

The aggregate payroll costs were as follows

	2011 £	2010 £
Wages and salaries	2,173,749	1,955,174
Social security costs	235,064	210,921
Staff pensions	7,822	20,003
	2,416,635	2,186,098

5 Interest payable and similar charges

	2011 £	2010 £
Interest on bank borrowings	12	14

6 Taxation

Tax on profit on ordinary activities

	2011 £	2010 £
Current tax		
Corporation tax charge	52,437	5,452
Adjustments in respect of previous years	(5,452)	-
UK Corporation tax	46,985	5,452
Deferred tax		
Origination and reversal of timing differences	4,000	63,743
Total tax on profit on ordinary activities	50,985	69,195

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26 49% (2010 - 21%)

The differences are reconciled below

	2011 £	2010 £
Profit on ordinary activities before taxation	252,701	222,411
Corporation tax at standard rate	66,940	46,706
Accelerated capital allowances	3,159	1,490
Short term timing differences	3,454	1,514
Expenses not deductible for tax purposes	(10,127)	6,459
Adjustments in respect of previous years	(5,452)	-
Utilisation of tax losses	(10,989)	(50,717)
Total current tax	46,985	5,452

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2011	475,420
At 31 December 2011	475,420
Amortisation	
At 1 January 2011	100,114
Charge for the year	23,556
At 31 December 2011	123,670
Net book value	
At 31 December 2011	351,750
At 31 December 2010	375,306

8 Tangible fixed assets

	Long leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2011	1,525,000	143,072	112,157	360,494	2,140,723
Additions	-	9,708	29,988	11,350	51,046
At 31 December 2011	1,525,000	152,780	142,145	371,844	2,191,769
Depreciation					
At 1 January 2011	129,041	94,502	83,654	319,629	626,826
Charge for the year	30,504	19,946	8,700	24,040	83,190
At 31 December 2011	159,545	114,448	92,354	343,669	710,016
Net book value					
At 31 December 2011	1,365,455	38,332	49,791	28,175	1,481,753
At 31 December 2010	1,395,959	48,570	28,503	40,865	1,513,897

9 Stocks and work in progress

	2011 £	2010 £
Raw materials	168,649	125,141
Work in progress	3,124	-
Finished goods	40,000	53,747
	211,773	178,888

10 Debtors

	2011 £	2010 £
Trade debtors	1,286,717	1,557,325
Amounts owed by group undertakings	2,726,866	2,519,535
Amounts recoverable on long term contracts	670,597	547,845
Other debtors	99,267	53,905
Deferred tax	26,000	30,000
Prepayments and accrued income	94,380	77,974
	4,903,827	4,786,584

Deferred tax
The movement in the deferred tax asset in the year is as follows

	£
At 1 January 2011	30,000
Deferred tax charged to the profit and loss account	(4,000)
At 31 December 2011	26,000

Analysis of deferred tax

	2011 £	2010 £
Difference between accumulated depreciation and amortisation and capital allowances	(13,946)	(18,274)
Other timing differences	(12,054)	(11,726)
	(26,000)	(30,000)

11 Creditors Amounts falling due within one year

	2011 £	2010 £
Trade creditors	1,228,366	1,270,440
Payments received on account	402,773	713,245
Corporation tax	46,985	5,452
Other taxes and social security	57,245	58,687
Other creditors	262,025	48,973
Accruals and deferred income	132,777	170,495
	2,130,171	2,267,292

12 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £7,822 (2010 - £20,003)

Contributions totalling £3,354 (2010 - £3,892) were payable to the scheme at the end of the year and are included in creditors

13 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	671	671	671	671

14 Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 January 2011	3,582,791	1,371,055	4,953,846
Profit for the year	-	201,716	201,716
At 31 December 2011	3,582,791	1,572,771	5,155,562

15 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Profit attributable to the members of the company	201,716	153,216
Shareholders' funds at 1 January	4,954,517	4,801,301
Shareholders' funds at 31 December	5,156,233	4,954,517

16 Contingent liabilities

The company had bank guarantees amounting to £590,909 (2010 £481,928) in place at the balance sheet date

17 Commitments

Operating lease commitments

As at 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £	2010 £
Other		
Within one year	25,561	10,728
Within two and five years	18,321	68,310
	43,882	79,038

18 Reconciliation of operating profit to operating cash flows

	2011 £	2010 £
Operating profit	252,713	222,425
Depreciation, amortisation and impairment charges	106,746	138,338
(Increase)/decrease in stocks	(32,885)	15,729
Increase in debtors	(121,243)	(215,004)
(Decrease)/increase in creditors	(178,654)	130,638
Net cash inflow from operating activities	26,677	292,126

19 Analysis of net debt

	At 1 January 2011 £	Cash flow £	At 31 December 2011 £
Cash at bank and in hand	367,134	(29,833)	337,301
Debt due within one year	-	(29,833)	-
Net funds	367,134	(59,666)	337,301

20 Control

The company is controlled by Walker Group Holdings LLC The company is a wholly owned subsidiary of Walker Group Holdings LLC, a company incorporated in the United States of America The ultimate controlling party is Walker Group Resources LLC, a company also incorporated in the United States of America

21 Related party transactions

During the year the company made the following related party transactions

Walker Stainless Equipment Company LLC

During the period, the company made net sales to Walker Stainless Equipment Company LLC, a fellow subsidiary, amounting to £260,251 (2010 £443,504)

At the balance sheet date, debtors due within one year includes a balance of £2,726,866 (2010 £2,519,535) owed by group companies to Extract Technology Limited

Certain of the assets of the company are used as security for group working capital funding and charges have been registered in this regard