

Substantial shareholdings

Other than the Directors' own holdings, the Board has been notified that as at 4 March 2010 the following shareholders on the Company's share register were interested in 3% or more of the issued ordinary share capital of the Company:

	Number of shares	%
Getz Bros & Co. (BVI) Inc.	49,248,810	13.17
Barclayshare Nominees Limited	31,030,178	8.30
Pershing Nominees Limited	23,071,742	6.17
TD Waterhouse Nominees (Europe)	18,222,779	4.87
HSDL Nominees Limited	17,039,435	4.56
The Bank of New York (Nominees)	14,285,814	3.82
Ferlim Nominees Limited	11,893,000	3.18
R C Greig Nominees Limited	11,826,554	3.16

Share issues

No shares were issued during the year.

Creditor payment policy

The Group's current policy concerning the payment of suppliers is to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. The Company has no trade creditors.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual 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 Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent company 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 estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Group financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements.

The Directors are responsible for keeping adequate accounting records that 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.

I Report of the Directors continued

Statement of Directors' responsibilities continued

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Summary of Key Performance Indicators (KPIs)

The Directors have monitored the overall progress of the Group and the individual strategic elements by reference to certain financial and non-financial KPIs.

Financial performance

KPIs are in place to measure sales, profitability, rate of divisional growth, cash generation and returns on capital employed.

Customer satisfaction

KPIs are established to measure and improve customer relationships, quality of service and our order delivery times.

Employee satisfaction

KPIs are agreed to measure staff morale, training needs and personal development.

Leadership

KPIs are set to measure the performance of Directors and management in conjunction with overall Group strategy and planning.

Innovation

KPIs are positioned to measure the creativity and inventiveness of employees to improve the number of patents filed, design rights applied for and internal products developed.

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks.

The Directors have set out below the principal risks facing the business.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Patents and proprietary rights

The Group's success is dependent upon its ability to establish, file and protect intellectual property relating to the development of its proprietary products for eventual sale or licence. Whilst the Group seeks patent protection where appropriate for its developments, there can be no assurance that patent applications will mature into granted patents or that existing patents will provide the Group with sufficient protection in the case of infringement by third parties, or be successfully challenged or revoked by competitors.

Regulatory approval

As an international business a significant proportion of the Group's products require registration from national or federal regulatory bodies prior to being offered for sale. With our major product lines now having FDA approval in the US, we are subject to their audit and inspection of our manufacturing facilities. There is no guarantee that any product developed by the Group will obtain and maintain national registration or that the Group will always pass regulatory audit of its manufacturing processes. Failure to do so could have severe consequences upon the Group's ability to sell products in the relevant country.

Product obsolescence

Due to the nature of the market in which the Group operates, products are subject to technological advances and as a result, obsolescence. The Directors are committed to the research and development strategy in place and are confident that the Group is able to react effectively to the developments within the market.