

Linread Limited

Annual report for the year ended 31 December 2007

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Linread Limited

Directors' report for the year ended 31 December 2007

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

Results and Dividends

The company's turnover has increased by almost 12% from £28.7m to £25.7m, profit after tax for the year is £2,286k (2006: £867k).

The balance sheet reflects substantial provisions in respect of onerous property leases and dilapidations previously reported within other entities in the Melrose Group. These liabilities legally reside in the company and have been brought into these accounts by way of a prior year adjustment, further details of which are shown in Note 1.

The balance sheet shows that the company's financial position at the year end is significantly better than the prior year in terms of cash and net assets. No Dividend was paid in the period (2006: £2,000,000).

Business Review and Principal Activities

On 11 May 2007, the company was acquired by McKechnie Aerospace (Europe) Limited, a subsidiary of McKechnie Aerospace DE, Inc as part of the overall acquisition of the aerospace business of Melrose plc and the company operates as a division of McKechnie Aerospace.

The company's principal activities during the year continue to be the manufacture and sale of a wide range of hot and cold forged parts, machined special fasteners and other precision components to the Aerospace Industry. During the year the company was successful in renegotiating a significant long term supply agreement with a major Aerospace customer. In the opinion of the Directors this provides the company with further opportunities to secure future business growth.

	2007 £'000	2006 £'000	Change %
Group Turnover	28,679	25,657	+ 12 %
Profit before tax	2,291	867	+ 164 %
Profit after tax	2,286	867	+ 162 %
Shareholders' funds	5,053	2,767	+ 83 %
Current assets as % of current liabilities ('quick ratio)	354 %	153 %	+ 131 %
Average number of employees	350	356	Nil

Total profit before tax increased by 164% during the year. This reflects the continued strategy of growing the proportion of non contract business, driving down costs, and improving productivity via continuous improvements to offset the impact of rising material costs, and the utilisation of an onerous long term contract provision.

Linread Limited

Directors' report for the year ended 31 December 2007 (Continued)

Events after the balance sheet date

On 7 January 2008, the company sold its Motorsport division for a total consideration of £1.7m resulting in a profit on disposal of £1.2m. The results of the Motorsport division for the current year and prior year have been presented as discontinued activities in the Profit and Loss account.

On 31 October 2008, the company settled its obligation to an onerous lease for a total settlement fee of £1.2m. As at the Balance Sheet Date, the company had an onerous lease provision of £1,507k which covers the cost of settlement plus charges incurred during the year. Details of the Provisions held at the Balance sheet date can be found in note 15 to the Financial Statements.

Principal Risks and Uncertainties

Competitive pressure in the UK is a continuing risk for the company. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer enquiries, and by maintaining strong relationships with customers.

The company makes purchases and sales that are denominated in Euros and US Dollars, and is exposed to the movements of these currencies.

The company is financed by its parent and has no third party debt and, as such, it has no third party interest rate exposure.

Environment

The company recognizes the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that may be caused by the company's activities.

Initiatives designed to minimise the company's impact on the environment include improvements to Energy Efficiency, reductions in CO2 Emissions, Recycling and Waste Reduction.

The company operates a formal Environmental Management System, certified to ISO 14001.

Linread Limited

Directors' report for the year ended 31 December 2007 (Continued)

Disabled Employees

Details of the number of employees and related costs can be found in note 7 to the Financial Statements.

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate arrangements and training

implemented. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and correspondence. Employees and their representatives are consulted regularly on a wide range of matters affecting their interests.

Directors and their Interests

The Directors who held office during the year were:

G P Martin	(resigned 11 May 2007)
G Barnes	(resigned 11 May 2007)
R Stark	(resigned 30 April 2007)
S A Peckham	(resigned 11 May 2007)
T Jesrai	(appointed 11 May 2007)
E Brooks	(appointed 11 May 2007, resigned 22 May 2008)
P Brown	(appointed 11 May 2007)
G Swan	(appointed 11 May 2007)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Linread Limited

Directors' report for the year ended 31 December 2007 (Continued)

Re-appointment of auditors

Following the change in ownership in the year Ernst & Young LLP were appointed as auditors, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Statement of Directors' Responsibilities in respect of the Accounts

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Law and Regulations.

Company Law requires Directors to prepare Financial Statements for each Financial Year. Under that Legislation, 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). The Financial Statements are required to 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 then apply them consistently;
- Make judgements and estimates that are reasonable and prudent
- State whether applicable 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 Company will continue in business

The Directors are responsible for keeping proper 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 1985. They are also responsible for the safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

By order of the Board



G Swan

Director

30 January 2009

Linread Limited

Independent Auditor's report to the members of Linread Limited

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Linread Limited

Independent Auditor's report to the members of Linread Limited (Continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP

Registered auditor

Birmingham

30 January 2009

Linread Limited

Profit and loss account for the year ended 31 December 2007

		Year Ended 31 December 2007	Year Ended 31 December 2006
	Notes	£'000	£'000
Turnover			
Continuing operations		27,156	24,572
Discontinued operations		<u>1,523</u>	<u>1,085</u>
	2	28,679	25,657
 Cost of Sales	 3	 (22,594)	 (20,079)
 Gross Profit		 <u>6,085</u>	 <u>5,578</u>
 Distribution Costs	 3	 (1,449)	 (1,440)
Administrative Expenses	3	(2,370)	(3,280)
 Operating Profit		 <u></u>	 <u></u>
Continuing operations		2,073	776
Discontinued operations		<u>193</u>	<u>82</u>
	5	2,266	858
Interest Receivable	4	25	22
Interest Payable		<u>-</u>	<u>(13)</u>
Profit on ordinary activities before taxation		2,291	867
 Tax on Profit on ordinary activities	 8	 (5)	 -
 Profit for the period		 <u>2,286</u>	 <u>867</u>

As a result of the restatement of the comparative balance sheet described in note 1, the total recognised gains and loss recorded since the prior year amount to £(14,000). There are no recognised gains or losses for the year ended 31 December 2006.

Linread Limited

Balance Sheet as at 31 December 2007

		2007	Restated 2006
	Notes	£'000	£'000
Fixed Assets			
Tangible Assets	9	3,183	3,231
Investments	10	<u>251</u>	<u>256</u>
		3,434	3,487
Current Assets			
Stocks	11	5,592	6,484
Debtors: amounts falling due within one year	12	8,465	5,550
Cash at bank and in hand		<u>2,295</u>	<u>-</u>
		16,352	12,034
Creditors: amounts falling due within one year	13	<u>(4,619)</u>	<u>(7,857)</u>
Net current assets		11,733	4,177
Total assets less current liabilities		<u>15,167</u>	<u>7,664</u>
Creditors: amounts falling due after more than one year	14	(6,650)	-
Provision for Liabilities	15	(3,464)	(4,897)
		<u>5,053</u>	<u>2,767</u>
Capital and reserves			
Called up share capital	16	3,096	3,096
Share premium account	17	789	789
Other reserves	18	232	232
Profit and loss account	19	<u>936</u>	<u>(1,350)</u>
Equity shareholders' funds		<u>5,053</u>	<u>2,767</u>

The comparative results have been restated as described in note 1.

The financial statements were approved by the Board of Directors on 30 January 2009 and were signed on its behalf by:



G Swan

Director

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

The accounting policies are summarised below. They have been applied consistently throughout the current and preceding period.

Basis of preparation

These financial statements have been prepared, under the historical cost convention, and in accordance with applicable accounting standards.

Prior year adjustment

As at 31 December 2006, the company had no amounts provided in respect of a vacant leasehold property (including dilapidations) to which the company had legal title and further dilapidation costs relating to existing leasehold sites. These amounts were recognised in another entity within the Melrose plc group of companies. Following, the acquisition of the company on 11 May 2008 by McKechnie Aerospace (Europe) Limited the company has recognised the full amount of the onerous lease provision and site dilapidation costs in its financial statements. Consequently, as at 31 December 2006 provisions have been increased by £2.35m.

In addition as at 31 December 2006, the company had placed no value in respect of a parcel of freehold land to which the company had legal title, located next to the property on which the above onerous lease and dilapidation provision were established. Consequently, as at 31 December 2006 Land & buildings have been increased by £50k. The overall impact on profit and loss reserves is £2.3m. The impact on the profit and loss account is £nil.

Subsequent to the year end the freehold land was realised as part of a final settlement of all liabilities of the vacant lease at the amounts provided.

Tangible Fixed Assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Freehold land	- Nil
Freehold buildings	- Over 50 years
Plant and machinery, and office Equipment	- Between 2 and 10 years

Investments

Investments are stated at the lower of cost or net realisable value adjusted where appropriate for movements in foreign exchange rates..

Where, in the opinion of the directors, there has been impairment in the value of the investments, appropriate provisions are made for impairment and charged to the profit and loss account.

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies (continued)

Cash flow Statement

The company is not required to submit a Cash flow statement under the exemption provided by *FRS 1(5)* which states, "Subsidiary undertakings are exempt where 90 per cent or more of the voting rights are controlled within the group, provided that consolidated financial statements in which the subsidiary undertakings are included are publicly available".

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first in, first out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

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

Following acquisition of the company by McKechnie Aerospace (Europe) Limited on 11 May 2008 the company has revised the estimates used to provide for slow-moving and obsolete stock to comply with the new parent's group accounting policy. The company now provides for all items where no order exists or where stocks exceed six months contract usage. If the current policy had been applied as at 31 December 2006 stock would have been reduced by £1,244,000.

Leased assets

The costs of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Where a property is considered to be surplus to requirements provision is made for the future contracted lease payments, net of any anticipated income through sublease.

Dilapidation Provisions

Provisions for dilapidations reflect the company's obligations and liabilities regarding the maintenance of the properties to a standard as required by the specific leases; as confirmed from time to time via independent surveys.

Provisions for Onerous contracts

Provisions for onerous contracts are recognised when the projected unavoidable costs of meeting the obligations under the contract exceed the projected economic benefits anticipated under the contract. Full provision is made for the remainder of the contract, with projections based upon current levels of performance.

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies (continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currencies are translated in sterling at the exchange rate at the date of the transaction. Profits and losses on exchange arising in the normal course of trading, and realised exchange differences arising on the conversion of foreign currency assets and liabilities are dealt with in the profit and loss account.

Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, which excludes value added tax and trade discounts, represents the value of goods and services supplied.

Interest Receivable

Revenue is recognised as interest accrues using the effective interest method.

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

2 Turnover

All of the company's trade originates within the United Kingdom.

The discontinued operation comprises the trading division Northbridge Motorsport, which manufactures fasteners for the motorsport industry. The division was sold on 7 January 2008.

Turnover analysed by geographical destination as follows:

	<i>Continuing Operations</i>		<i>Discontinued Operations</i>		<i>Total</i>	<i>Total</i>
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
Europe	23,420	21,591	1,494	1,082	24,914	22,673
North America	3,305	2,453	-	-	3,305	2,453
Other	431	528	29	3	460	531
	<u>27,156</u>	<u>24,572</u>	<u>1,523</u>	<u>1,085</u>	<u>28,679</u>	<u>25,657</u>

Turnover analysed by segment as follows:

	<i>Aerospace</i>		<i>Automotive</i>		<i>Total</i>	<i>Total</i>
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations	27,156	24,572	-	-	27,156	24,572
Discontinued operations	-	-	1,523	1,085	1,523	1,085
	<u>27,156</u>	<u>24,572</u>	<u>1,523</u>	<u>1,085</u>	<u>28,679</u>	<u>25,657</u>

3 Cost of sales and operating expenses

	<i>Continuing</i>		<i>Total</i>	<i>Continuing</i>		<i>Total</i>
	£'000	£'000	2007 £'000	£'000	£'000	2006 £'000
Cost of sales	21,448	1,146	22,594	19,276	803	20,079
Distribution costs	1,402	47	1,449	1,395	45	1,440
Administrative expenses	2,149	221	2,370	3,110	170	3,280
	<u>24,999</u>	<u>1,414</u>	<u>26,413</u>	<u>23,781</u>	<u>1,018</u>	<u>24,799</u>

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

4 Interest receivable

	2007	2006
	£'000	£'000
Interest receivable fixed asset investments	20	22
Bank interest receivable	5	-
	25	22

5 Operating profit

Operating profit is stated after charging / (crediting):

	2007	2006
	£'000	£'000
Depreciation of owned assets	905	821
Profit on disposal of fixed assets	(9)	(80)
Rent of plant and machinery - operating leases	52	46
Rent of buildings - operating leases	478	401
Auditors remuneration (see Note 6)	80	23
Provision for onerous	(1,290)	(788)

6 Auditors' remuneration

The remuneration of the auditors is further analysed as follows:

	2007	2006
	£'000	£'000
Audit of the financial statements	30	23
Other fees to auditors - audit of prior periods	35	-
- taxation services	15	-
	50	-
	80	23

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

7 Staff costs

a) Staff Costs

	2007	2006
	£'000	£'000
Wages and salaries	8,250	8,016
Social security costs	815	400
Other pension costs (see Note 21)	713	933
	9,778	9,349

	2007	2006
Average number of employees by activity	No.	No.
Staff	79	79
Works	271	277
	350	356

b) Directors' emoluments

	2007	2006
	£'000	£'000
Aggregate emoluments in respect of qualifying services	241	-
In respect of the highest paid director:		
Aggregate emoluments	97	-

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

8 Taxation on profit on ordinary activities

(a) Analysis of (credit) / charge in year

	2007 £'000	2006 £'000
Current tax:		
UK Corporation tax at 30% (2006: 30%)	5	-
Total current tax	5	-

(b) Factors affecting tax (credit) / charge for the year

The tax assessed for the year

Current tax:		
UK Corporation tax at 30% (2006: 30%)	5	-
Total current tax	5	-
 Profit on ordinary activities before tax	 2,291	 867
 Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	 687	 260
Disallowed expenses and non taxable income	12	11
Capital allowances for period in excess of depreciation	(68)	(126)
Use of brought forward tax losses	(633)	(138)
Short term timing differences	7	-
Group relief (claimed) / surrendered (at nil tax rate)	-	(7)
 Current tax Charge for year (note (a))	 5	 -

(c) Factors that may affect future tax charges

Deferred tax asset not recognised in the balance sheet at 28%

Depreciation in excess of capital allowances	72	204
Other timing differences	7	4
Excess tax losses	401	1,043
	480	1,251

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

9 Tangible fixed assets

	Land & buildings £'000	Plant & other equipment £'000	Restated Total £'000
Cost			
As previously stated	646	15,434	16,080
Prior year adjustment (see Note 1)	50	-	50
At 1 January 2007 (Restated)	696	15,434	16,130
Additions	6	856	862
Disposals	-	(194)	(194)
At 31 December 2007	702	16,096	16,798
Depreciation			
At 1 January 2007	453	12,446	12,899
Charge for period	53	852	905
Disposals	-	(189)	(189)
At 31 December 2007	506	13,109	13,615
Net book value at 31 December 2007	196	2,987	3,183
Net book value at 31 December 2006 (restated)	243	2,988	3,231

None of the above assets are held under finance leases.

	2007 £'000	Restated 2006 £'000
The net book value of buildings comprises:		
Freehold Land associated with onerous leasehold property	50	50
Long leasehold	146	193
	196	243

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

10 Fixed asset investments

	£'000
At 1 January 2007	256
Foreign exchange loss	(5)
At 31 December 2007	<u>251</u>
Net book value at 31 December 2007	<u>251</u>
Net book value at 31 December 2006	<u>256</u>

Investments comprise 2.5% of the share capital of Technical Airborne Components Industries SPRL, a company incorporated in Belgium together with 500 US\$1,000 bonds issued by this company.

11 Stocks

	2007 £'000	2006 £'000
Raw materials and consumables	1,134	1,031
Work in progress	2,351	2,575
Finished goods	<u>2,107</u>	<u>2,878</u>
	<u>5,592</u>	<u>6,484</u>

The difference between purchase price or production costs of stocks and their replacement cost is not material.

12 Debtors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Trade Debtors	6,162	4,756
Amounts owed by Group undertakings	1,887	541
Prepayments and accrued income	<u>416</u>	<u>253</u>
	<u>8,465</u>	<u>5,550</u>

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

13 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade Creditors	3,144	2,709
Amounts owed to Group undertakings	8	3,231
Corporation tax	5	-
Other taxation and social security	757	467
Other creditors	388	272
Accruals and deferred income	317	443
Bank overdraft (unsecured)	-	735
	<u>4,619</u>	<u>7,857</u>

14 Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Amounts owed to Group undertakings	<u>6,650</u>	-
	<u>6,650</u>	-

15 Provision for liabilities

	Onerous supply contract	Onerous Lease & Dilapidations costs	Total
	2007 £'000	2007 £'000	2007 £'000
Balance brought forward as previously stated	2,547	-	2,547
Prior Year Adjustments (see Note 1)	-	2,350	2,350
Restated balance brought forward	<u>2,547</u>	<u>2,350</u>	<u>4,897</u>
Utilised	<u>(1,290)</u>	<u>(143)</u>	<u>(1,433)</u>
	<u>1,257</u>	<u>2,207</u>	<u>3,464</u>

On 31 October 2008, the company settled its obligation to an onerous lease for a total settlement fee of £1.2m.

Of the above provisions £2.6m is considered to be current.

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

16 Share capital

Ordinary Shares of £0.25 each	Authorised		Allotted, called up and fully paid	
	No of shares	£'000	No of shares	£'000
At 1 January 2007 and 31 December 2007	<u>20,000,000</u>	<u>5,000</u>	<u>12,384,036</u>	<u>3,096</u>

17 Share Premium Account

There was no movement in the share premium account during the year.

18 Other Reserves

There was no movement in other reserves during the year.

19 Profit and loss account

	31 December 2007 £'000
Balance brought forward	950
Prior Year adjustment (see Note 1)	(2,300)
Restated balance brought forward	<u>(1,350)</u>
Profit for the financial period	<u>2,286</u>
Balance carried forward	<u>936</u>

Linread Limited

Notes to the financial statements for the year ended 31 December 2007

20 Reconciliation of shareholders' funds and movements on reserves

	31 December 2007 £'000	31 December 2006 £'000
Opening shareholders' funds	2,767	6,200
Prior Year adjustment (see Note 1)	-	(2,300)
Restated opening shareholders' funds	2,767	3,900
Profit for the financial period	2,286	867
Dividend paid	-	(2,000)
Closing shareholders' funds	5,053	2,767

21 Pensions

Prior to 11 May 2007 the company was a participating employer in the McKechnie Pension Plan. A defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the company. As part of the acquisition of Linread Limited by McKechnie Aerospace (Europe) Limited on the 11 May 2007, the company's liability to the scheme ended. Following acquisition the company established the "Linread Limited Stakeholder scheme" a defined contributions scheme to which all employees transferred.

22 Capital commitments including items to be leased

	2007 £'000	2006 £'000
Capital commitments not provided for in the Financial Statements:		
In respect of contract places and agreements made	140	457
	140	457

Notes to the financial statements for the year ended 31 December 2007

23 Related party transactions

Advantage has been taken of the exemption available under Financial Reporting Standard Number 8 to dispense with the requirement to disclose transactions with fellow subsidiaries, 90% or more of whose voting rights are held within the Group and which are included in the consolidated financial statements of JLL Partners.

24 Parent undertaking

The immediate parent undertaking is McKechnie Aerospace (Europe) Limited, registered in England and Wales. The ultimate parent and controlling undertaking is McKechnie Aerospace DE, Inc., company incorporated in the USA. Copies of the financial statements for the Group are available from;

McKechnie Aerospace DE, Inc.
20 Pacifica, Suite 200
Irvine, CA 92618

25 Annual commitments under operating leases

	<i>Plant and machinery</i>		<i>Land & buildings</i>	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	6	15	-	-
in two to five years	46	-	417	-
Over five years	-	-	-	401
	<u>52</u>	<u>15</u>	<u>417</u>	<u>401</u>

26 Significant events post balance sheet date

On the 7 January 2008, the trading division Northbridge Motorsport was sold to Vista Ridge for a contribution of £1.7m. The profit on disposal of the sale was £1.2m. The results of the Motorsport division have been disclosed as discontinued in the current and comparative periods.

On 31 October 2008, the company settled its obligation to an onerous lease for a total settlement fee of £1.2m. As at the Balance Sheet Date, the company had an onerous lease provision of £1,507k which covers the cost of settlement plus charges incurred during the year. Details of the Provisions held at the Balance sheet date can be found in note 15 to the Financial Statements.