Company Registration No. 3206792

AETC LIMITED

Report and Financial Statements

30 March 2008

AETC LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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AETC LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J J Sloboda
A Milner
S Blackmore
S R Hagel

SECRETARY

R A Cooke

REGISTERED OFFICE

Victoria Avenue
Yeadon
Leeds
LS19 7AW

BANKERS

Bank of America
London Branch
P O Box 407
5 Canada Square
London
E14 5AQ

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the group for the 52 week period ended 30 March 2008.

PRINCIPAL ACTIVITIES

The group's principal activity is the manufacture and repair of airfoils and gas turbine components.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results of the group show a pre tax profit of £4,748,000 (2007: £3,678,000) for the period and sales of £81,430,000 (2007: £64,883,000). The group has net assets of £45,204,000 (2007: £27,657,000).

Sales growth in the year has been 26% due to greater market penetration. The group has experienced growth of 28% in the gas turbine markets during the year reflecting growth of demand in the Swiss and European markets. Sales from the aerospace sector have also continued to grow at a rate of 17%.

The group continues to invest in plant and machinery to increase capacity and improve efficiency in order to take advantage of the growing markets. The group believes it is well positioned to grow its revenue over the next year and continue to improve its trading performance.

The lease for one of the machining facilities was due to finalise in September 2008. The company decided not to renew the lease and moved the facility into one of its other existing facilities. As a result of this decision a restructuring cost was taken in the year for costs relating to the moving and closure of the site.

PRINCIPAL RISK AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are considered to relate to competition and to foreign currency.

Competition

The group operates in a highly competitive market around price and product quality. This can have an impact in downward pressure on our margins but also in the risk that we do not meet our customer's expectation. In order to mitigate this risk our sales team monitor market prices on an ongoing basis. Furthermore, our quality team continually monitor the quality of product being produced and ensure we maintain a rigorous quality system.

Foreign currency

The company sells into a number of markets worldwide. Some of these sales are in foreign currency, and therefore the company has an exposure to foreign currency movements. In order to mitigate this risk, the company hedges against currency exposures.

KEY PERFORMANCE INDICATORS

The level of operating working capital ("OWC") has decreased from the prior year, reflecting the continued improvement in the control over inventory levels. In addition an early payment was received from a significant customer, which reduced trade debtors at the year end.

At the year end OWC was 6.7 % (2007: 15.00%).

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the period (2007: nil), and accordingly the profit has been transferred to reserves.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently were as follows:

W D Larsson	(resigned 12 August 2008)
G A Hawkes	(resigned 23 January 2008)
M Donegan	(resigned 29 October 2008)
J J Sloboda	
A Milner	
S Blackmore	(appointed 13 February 2008)
S R Hagel	(appointed 12 August 2008)

None of the directors in office at the year end held any notifiable beneficial interests in the share capital of the company during the year. Certain of the directors are also directors of Precision Castparts Corp and their interests in that company are shown in the accounts of that company.

Those options held by UK directors at 30 March 2008 are set out below:

Options held by A Milner at 30 March 2008

Issued	Convertible from				Expiry date	Exercise price
11.2005	15.11.2006 1,500	15.11.2007 1,500	15.11.2008 1,500	15.11.2009 1,500	16.11.2015	$47.84
11.2006	15.11.2007 2,750	15.11.2008 2,750	15.11.2009 2,750	15.11.2010 2,750	16.11.2016	$70.79
11.2007	15.11.2008 2,500	15.11.2009 2,500	15.11.2010 2,500	15.11.2011 2,500	16.11.2017	$140.74

No options were exercised during the year.

At 30 March 2008 the market price of the stocks was $101.35 (2007: $104.05) and the range during the period was $96.73 to $160.73.

The group operates an Employee Stock Purchase Plan under which deductions from pay of up to 10%, can be converted into shares at 31 December each year. At the year end, 349 employees (2007: 265 employees) including the directors, were participating in the scheme.

DISABLED PERSONS

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

EMPLOYEE INVOLVEMENT

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the company as a whole.

DONATIONS

During the year the group made charitable donations of £675 (2007: £835).

CREDITOR PAYMENT POLICY

The group's policy is to negotiate terms of payment with suppliers when agreeing terms of transactions and then to abide by those terms once satisfactory performance of service or receipt of goods is achieved. Creditor days for the company have been calculated at 77 days (2007: 85 days).

AETC LIMITED

DIRECTORS' REPORT

DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution for the appointment of Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A Milner
Director
9 January 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice. ("UK GAAP")

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group and of the profit or loss of the group for that period and comply with UK GAAP and the Companies Act 1985. In preparing those 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; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF AETC LIMITED

We have audited the group and individual company financial statements (the "financial statements") of AETC Limited for the period ended 30 March 2008 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated statement of total recognised gains and losses and the related notes 1 to 24. 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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.

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 group's and the individual company's affairs as at 30 March 2008 and of the group's profit for the period 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds
21 January 2009

AETC LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Financial period ended 30 March 2008

	Note			52 weeks end 30 March 2008			52 weeks ended 1 April 2007
		Continuing Operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
TURNOVER	2	81,430	-	81,430	64,883	-	64,883
Cost of sales		(66,974)	-	(66,974)	(56,689)	-	(56,689)
Gross profit		14,456	-	14,456	8,194	-	8,194
Distribution costs		(304)	-	(304)	(206)	-	(206)
Administrative expenses		(5,430)	(71)	(5,501)	(3,224)	364	(2,860)
OPERATING PROFIT	4	8,722	(71)	8,651	4,764	364	5,128
Cost of a fundamental restructuring				(3,000)			-
PROFIT BEFORE FINANCE CHARGES				5,651			5,128
Interest payable and similar charges	5			(1,466)			(2,089)
Interest receivable and similar income	6			301			1,045
Other finance costs	23			262			(406)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				4,748			3,678
Taxation	7			(1,689)			(248)
RETAINED PROFIT FOR THE FINANCIAL YEAR	18			3,059			3,430

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above, and their historical cost equivalents.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Financial period ended 30 March 2008

	30 March 2008 £'000	1 April 2007 £'000
Profit for the financial period	3,059	3,430
Actuarial gain on pension scheme	19,846	4,006
Movement on current tax relating to pension scheme	2,940	2,625
Movement on deferred tax relating to pension scheme	(8,635)	(3,827)
Total gains and losses recognised since last annual report	17,210	6,234

AETC LIMITED

BALANCE SHEETS
As at 30 March 2008

	Note	Group 30 March 2008 £'000	Company 30 March 2008 £'000	Group 1 April 2007 £'000	Company 1 April 2007 £'000
FIXED ASSETS					
Goodwill	9	5,600	5,600	6,302	6,302
Tangible assets	10	15,494	15,494	14,852	14,852
		21,094	21,094	21,154	21,154
CURRENT ASSETS					
Stocks	12	7,884	7,884	10,728	10,728
Debtors	13	23,384	13,239	31,078	20,814
Cash at bank and in hand		8,770	8,747	5,793	5,771
		40,038	29,870	47,599	37,313
CREDITORS: amounts falling due within one year	14	(29,252)	(27,151)	(41,938)	(39,790)
NET CURRENT ASSETS/(LIABILITIES)		10,786	2,719	5,661	(2,477)
TOTAL ASSETS LESS CURRENT LIABILITIES		31,880	23,813	26,815	18,677
PROVISION FOR LIABILITIES	16	(4)	(4)	(731)	(731)
Net assets excluding pension asset		31,876	23,809	26,084	17,946
Pension asset	23	13,328	13,328	1,573	1,573
NET ASSETS		45,204	37,137	27,657	19,519
CAPITAL AND RESERVES					
Called up share capital	17	-	-	-	-
Profit and loss account	18	21,361	13,294	4,151	(3,987)
Capital contribution	19	23,000	23,000	23,000	23,000
Share based payment reserve	20	843	843	506	506
TOTAL EQUITY SHAREHOLDERS' FUNDS	21	45,204	37,137	27,657	19,519

These financial statements were approved by the Board of Directors on 9 January 2009.

Signed on behalf of the Board of Directors

A Milner

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

1. **ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently in the current year and the prior periods, are set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with the reporting requirements of the Companies Act 1985 and applicable UK accounting standards. The financial statements are made up to the Sunday nearest to the accounting reference date for each financial period.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings. The results of the businesses are consolidated from the effective date of their acquisition to the effective date of their sale.

Intangible fixed assets

On acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises when the fair value of the consideration given for a business exceed such net assets. Goodwill is capitalised and amortised through the profit and loss account over its estimated useful economic life of 20 years.

When the fair value of the net assets acquired exceed the fair value of the consideration for an acquisition the difference is treated as negative goodwill and is capitalised and released through the profit and loss account over the period in which the non-monetary assets are recovered, whether through depreciation or sale.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used are:

Freehold buildings	2% to 2½%
Leasehold buildings	Over the life of the lease
Plant and machinery	7½% to 15%
Fixtures and fittings	15% to 20%
Computers	20% to 33%
Motor vehicles	25%

Stocks

Stocks are stated at the lower of purchase cost and net realisable value. Cost comprises the direct cost of purchasing together with relevant and manufacturing costs. Net realisable value is the estimated selling price, reduced by all the cost of marketing, selling and distribution. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Leasing and hire purchase commitments

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

1. **ACCOUNTING POLICIES (continued)**

Taxation

Current tax including UK corporation tax and foreign tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non discounted basis.

Deferred tax assets are recognised only to the extent that they are regarded as recoverable such that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transaction or the relevant forward contract date. All exchange differences are dealt with through the profit and loss account.

Revenue recognition

Turnover represents the net sale value of goods supplied to customers, excluding value added tax, and is recognised in the profit and loss account on transfer of the goods to customers.

Cash flow statement

The group and company have taken advantage of the exemption granted under Financial Reporting Standard 1 (Revised) not to produce a cash flow statement, as the amounts are reported within the parent company's accounts, which are publicly available.

Investments

In the company's financial statements, investments in group undertakings are stated at cost less any provision for impairment.

Share based payment

The company has applied the requirements of FRS 20 'Share based payment'.

The company's ultimate parent company, Precision Castparts Corp. ("PCC"), issues equity settled share based payments to certain employees of the company. Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non market based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The group also provides employees with the ability to purchase PCC's ordinary shares at 85% of the current market value. The group records an expense based on its estimate of the 15% discount related to shares expected to vest on a straight line basis over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

1. ACCOUNTING POLICIES (continued)

Pension costs

The company operates a defined benefit pension scheme.

Annual valuations are prepared by independent professionally qualified actuaries. The last full valuation was performed at 5 April 2006 and has been updated at 30 March 2008. These valuations determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase in pensions in payment. The regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year.

A credit representing the expected return on the assets of the scheme during the year is included within other finance expenses. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance expenses represents the expected increase in the liabilities of the scheme during the year. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax. Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions.

2. TURNOVER

Turnover represents the net invoiced value of goods and services supplied during the year excluding value added tax.

The company has only one principal class of business, that of the manufacture, machining and repair of airfoils and gas turbine components. Sales were made to the following geographical areas.

	30 March 2008 £'000	1 April 2007 £'000
Switzerland	43,919	32,913
United Kingdom	13,000	9,592
North America	7,957	9,189
Germany	8,541	6,740
Italy	497	1,266
Other European	7,516	3,170
Rest of World	-	2,013
	81,430	64,883

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	30 March 2008 £'000	1 April 2007 £'000
Aggregate emoluments	266	307

Retirement benefits are accruing to one director (2007: one) under the defined benefits scheme. The highest paid director is a member of the company's defined benefit pension scheme and had accued entitlements of £4,634 under the scheme at the end of the year. The accrued lump sum is £635,285.

The emoluments of all of the directors except A Milner are paid by the ultimate parent company. Their services to the company are of a non executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly the above details include no emoluments in respect of these directors.

The average number of persons employed was:

Group and Company	**30 March 2008 No.**	**1 April 2007 No.**
Production	498	468
Administration	206	180
	704	648

Group and Company **Employee costs**	**30 March 2008 £'000**	**1 April 2007 £'000**
Wages and salaries	20,671	18,672
Social security costs	2,269	2,066
Pension costs	2,426	2,095
	25,366	22,833

4. OPERATING PROFIT

Operating profit is stated after charging:	**30 March 2008 £'000**	**1 April 2007 £'000**
Auditors' remuneration		
Audit	48	47
Depreciation	2,199	2,197
Operating lease rentals		
Hire of plant and machinery	195	213
Land and buildings	312	312
Amortisation of intangible fixed assets		
- goodwill	702	702
Net foreign currency gains	(142)	(440)

Audit fees include £44,000 (2007: £42,000) in respect of the company.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30 March 2008 £'000	1 April 2007 £'000
Amounts payable to group undertakings	1,466	2,089

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	30 March 2008 £'000	1 April 2007 £'000
Interest on bank deposits	-	8
Interest on amount due from group undertakings	301	1,037
	301	1,045

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

7. TAXATION

	30 March 2008 £'000	1 April 2007 £'000
Current tax		
UK corporation tax charge	2,312	226
Adjustments in respect of prior years	(2)	-
Total current tax	2,310	226
Deferred tax		
Origination and reversal of timing differences	(828)	94
Adjustments in respect of prior years	101	(134)
	(727)	(40)
Deferred tax on pension scheme movements	106	62
Tax charge on loss on ordinary activities	1,689	248

The UK corporation tax rate reduced from 30% to 28% with effect from 1 April 2008. As the rate change was enacted by the balance sheet date, the effect of the reduction in the UK corporation tax rate was to reduce the deferred tax liability on UK timing differences.

The effective rate of tax is different from the UK corporation rate rate of 30% and the differences are explained below:

	30 March 2008 £'000	1 April 2007 £'000
Profit on ordinary activities before tax	4,748	3,678
Tax at 30% thereon:	1,424	1,103
Effects of:		
- Expenses not deductible for tax purposes	267	185
- Accelerated capital allowances	(104)	(179)
- Other timing differences	636	(565)
- Deductions allowed	-	(318)
- Rate differences	89	-
- Adjustment to tax charge in respect of prior years	(2)	-
Current tax charge for period	2,310	226

The cost of a fundamental restructuring has reduced the current taxation charge by £270,000 and increased the deferred taxation credit by £587,000.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

8. SHARE BASED PAYMENTS

Equity-settled share option scheme

The company's ultimate parent company, PCC issues share options over ordinary shares in PCC to certain employees of the group. Options are exercisable at prices equal to the quoted market price of the parent company's shares on the date of grant. Options become exercisable at a rate of 25% each year over four years from the date of grant. Options are forfeited if the employee leaves the Group before the options vest.

PCC has an Employee Share Purchase Plan ("ESPP") whereby the company is authorised to issues shares to its full-time employees, nearly all of whom are eligible to participate. Under the terms of the plan, employees can choose to have up to 10 percent of their annual base salary withheld to purchase the company's shares. Employees then have the option to use the withheld funds to purchase shares at the lower of 85 percent of the fair market value of the stock on the date of grant or on the date of purchase.

Details of the share options outstanding during the year are as follows:

	2008 Number of share options	2008 Weighted average exercise price (£)	2007 Number of share options	2007 Weighted average exercise price (£)
Outstanding at beginning of period	57,191	22.80	58,373	13.10
Granted during the period	18,192	70.44	20,225	37.30
Forfeited during the period	-	-	(3,635)	20.70
Exercised during the period	(9,669)	15.90	(17,772)	7.50
Outstanding at the end of the period	65,714	36.10	57,191	22.80
Exercisable at the end of the period	24,575	15.90	18,746	11.80

The weighted average share price at the date of exercise for the share options exercised during the period was £68.46. The options outstanding at 30 March 2008 have a weighted average exercise price of £15.90 and a weighted average remaining contractual life of 2.81 years.

During the current financial year, options were granted on 14 November 2007. The aggregate of the estimated fair values of the options granted on those dates is £448,000. During the 2007 financial period, options were granted on 14 November 2006. The aggregate of the estimated fair values of the options granted on that date is £271,000.

The group recognised total expenses of £337,000 and £287,000 related to equity-settled share based payment transactions in 2008 and 2007 respectively.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

8. SHARE BASED PAYMENTS (Continued)

The inputs into the Black-Scholes Option Pricing Model are as follows:

	2008	2007
Weighted average share price	£70.44	£21.83
Weighted average exercise price	£70.44	£9.44
Expected volatility	36.4%	35.8%
Expected life (years)	2.7 – 4.4	2.7 – 4.4
Risk-free rate	3.4%	4.5%
Expected dividend yield	0.1%	0.1%

Expected volatility was determined by calculating the historical volatility of the PCC share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

9. GOODWILL

Group and Company	£'000
Cost	
At 2 April 2007 and 30 March 2008	11,954
Accumulated amortisation	
At 2 April 2007	5,652
Charge for the year	702
At 30 April 2008	6,354
Net book value	
30 March 2008	5,600
1 April 2007	6,302

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

10. TANGIBLE FIXED ASSETS

Group and Company

	Freehold land and buildings £'000	Short leasehold buildings £'000	Plant and machinery £'000	Fixtures, fittings tools and equipment £'000	Assets in course of constructio n £'000	Total £'000
Cost						
At 2 April 2007	5,677	1,213	32,179	1,843	574	41,486
Additions	-	-	-	-	3,112	3,112
Transfers	-	-	930	5	(935)	-
Disposals	-	(1,213)	(1,903)	(655)	(20)	(3,791)
At 30 March 2008	5,677	-	31,206	1,193	2,731	40,807
Accumulated depreciation						
At 2 April 2007	1,317	1,094	22,508	1,715	-	26,634
Charge for the period	99	63	1,970	67	-	2,199
Disposals	-	(1,157)	(1,740)	(623)	-	(3,520)
At 30 March 2008	1,416	-	22,738	1,159	-	25,313
Net book value						
At 30 March 2008	4,261	-	8,468	34	2,731	15,494
At 1 April 2007	4,360	119	9,671	128	574	14,852

Assets in the course of construction at 1 April 2008 included £556,500 (2007: £944,000) in respect of deposits on machines.

11. INVESTMENTS

Company

	Interests in group undertakings £'000
Cost	
At 2 April 2007 and at 30 March 2008	5,319
Provision for impairment	
At 2 April 2007 and at 30 March 2008	5,319
Net book value	
At 1 April 2007 and at 30 March 2008	-

The company's investment is in the entire share capital of PCC Flow Technologies Limited, a company registered in Scotland. The principal activity of PCC Flow Technologies Limited was the manufacturer of values and actuators. The company ceased to trade on 7 December 2005.

12. STOCKS

Group and Company	30 March 2008 £'000	1 April 2007 £'000
Raw materials and consumables	1,443	2,259
Work in progress	4,720	5,946
Finished goods	1,721	2,523
	7,884	10,728

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

13. DEBTORS

	Group 30 March 2008 £'000	Company 30 March 2008 £'000	Group 1 April 2007 £'000	Company 1 April 2007 £'000
Trade debtors	9,572	9,572	9,190	9,190
Amounts owed by group undertakings	13,103	2,958	20,257	9,993
Other debtors	210	210	1,061	1,061
Prepayments	499	499	570	570
	23,384	13,239	31,078	20,814

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 30 March 2008 £'000	Company 30 March 2008 £'000	Group 1 April 2007 £'000	Company 1 April 2007 £'000
Trade creditors	9,458	9,458	8,718	8,718
Other taxation and social security	583	583	728	728
Other creditors	2,972	2,972	2,628	2,628
Accruals and deferred income	3,229	3,211	2,990	2,969
Amounts due to fellow subsidiary undertakings	13,010	10,927	26,874	24,747
	29,252	27,151	41,938	39,790

The amount due to the ultimate parent undertaking is interest bearing at 6% and is repayable on demand.

15. FINANCIAL COMMITMENTS

	30 March 2008		1 April 2007	
Operating leases	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Annual commitments which expire:				
Within one year	151	14	-	9
Between two and five years	5	143	312	168
	156	157	312	177

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

16. PROVISION FOR LIABILITIES

Group and company	**Deferred tax £'000**
At 2 April 2007	731
Credit to profit and loss account	(727)
At 30 March 2008	4

The deferred tax provision may be analysed as follows:

Provision for deferred tax	**30 March 2008 £'000**	**1 April 2007 £'000**
Accelerated capital allowances	1,029	1,199
Losses	(188)	(302)
Short term timing differences	(587)	-
Share based payments	(250)	(166)
	4	731

In addition, the group has unrecognised potential deferred tax asset amounting to £92,000 (2007: £98,000) relating to a subsidiary undertaking. This has not been recognised since the directors consider that there is insufficient evidence as to the timing of future deductions and the likelihood or otherwise of suitable taxable profits at this time.

17. CALLED UP SHARE CAPITAL

	30 March 2008 £	**1 April 2007 £**
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
10 ordinary shares of £1 each	10	10

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

18. PROFIT AND LOSS ACCOUNT

	Group £'000	Company £'000
At 2 April 2007	4,151	(3,987)
Profit for the year	3,059	3,130
Actuarial loss on pension scheme	19,846	19,846
Movement on current tax relating to pension scheme	2,940	2,940
Movement on deferred tax relating to pension scheme	(8,635)	(8,635)
At 30 April 2008	21,361	13,294

The company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the consolidated profit for the year dealt with in the accounts, arising from the parent company was a profit of £3,130,000 (2007: loss of £2,402,000)

19. CAPITAL CONTRIBUTION

	Group £'000	Company £'000
At 2 April 2007 and 30 March 2008	23,000	23,000

20. SHARE BASED PAYMENT RESERVE

	Group £'000	Company £'000
At 2 April 2007	506	506
Share based payment expense	337	337
At 30 March 2008	843	843

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

21. RECONCILATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	30 March 2008 £'000	1 April 2007 £'000
Profit for the year	3,059	3,430
Actuarial gain on pension scheme	19,846	4,006
Movement on current tax relating to pension scheme	2,940	2,625
Movement on deferred tax relating to pension scheme	(8,635)	(3,827)
Share based payment credit	337	287
Net increase in shareholders' funds	17,547	6,521
Opening equity shareholders' funds	27,657	21,136
Closing equity shareholders' funds	45,204	27,657

22. CAPITAL COMMITMENTS

	30 March 2008 £'000	1 April 2007 £'000
Group and Company		
Contracts placed	1,299	299

23. PENSION SCHEME

The company operates a defined benefit pension scheme and a defined contribution pension scheme.

Deferred benefit pension scheme

A full actuarial valuation was carried out as at 5 April 2007 by a qualified independent actuary, using the projected unit method. The actuarial valuation has been updated at 1 April 2008 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued for this purpose at market value.

	2008 %	2007 %	2006 %
Rate of increase in salaries	4.50	4.00	3.75
Rate of increase of pensions in payment	3.60	3.20	3.10
Discount Rate	6.70	5.40	4.90
Inflation	3.70	3.20	3.00

The mortality assumptions are based on standard mortality tables which allow for future improvements. The assumptions are that a current member who retires in 2026 at age 65 will live on average a further 21 years after retirement if they are male and for a further 23 years after retirement if they are female.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

23. PENSION SCHEME (continued)

The market value of the assets in the scheme, the weighted average and the expected rates of return at the balance sheet date were:

	30 March 2008		1 April 2007		31 March 2006	
	Expected rate of return %	Market value £'000	Expected rate of return %	Market value £'000	Expected rate of return %	Market value £'000
Equities	8.0	26,683	8.0	24,650	7.5	30,322
Bonds	5.25	44,962	4.75	47,119	4.25	48,733
Hedge funds	6.0	32,378	6.50	31,335	-	-
Cash and other assets	5.0	15,578	5.5	8,083	4.5	15,846
Total market value of assets		119,601		111,187		94,901
Present value of scheme liabilities		(107,207)		(119,289)		(117,215)
Surplus/(deficit) in the scheme		12,394		(8,102)		(22,314)
Related deferred tax asset		934		9,675		13,564
Net pension asset/(liability)		13,328		1,573		(8,750)

Employer contributions in 2007 and 2006 included special payments of £10 million and £25 million respectively to reduce the actuarial deficit. The related tax relief is spread over 4 years under UK corporation tax rules. Included within the above deferred tax asset is tax relief of £4,405,000 (2007: £7,245,000) in respect of these special payments, which will be claimed in future years.

Analysis of amount chargeable to operating profit:

	2008 £'000	2007 £'000
Current service cost	2,376	2,075

Analysis of the amount charged to finance income:

	2008 £'000	2007 £'000
Interest on pension scheme liabilities	6,443	5,761
Expected return on pension scheme assets	(6,705)	(5,355)
Net return	(262)	406

Analysis of the amount recognised in the statement of total recognised gains and losses

	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	1,285	(328)
Experience gains and losses arising on the scheme liabilities	(433)	1,917
Changes in assumptions underlying the present value of the scheme liabilities	18,994	2,417
Actuarial gain recognised	19,846	4,006

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 March 2008

23. PENSION SCHEME (continued)

Analysis of movement in deficit during the year

	2008 £'000	2007 £'000
Deficit in scheme at the beginning of the year	(8,102)	(22,314)
Current service cost	(2,376)	(2,075)
Employer contributions	2,764	12,687
Other finance expense	262	(406)
Actuarial gain	19,846	4,006
Surplus/(deficit) in scheme at the end of the year	12,394	(8,102)

History of experience gains and losses:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2005 £'000	2004 £'000
Difference between the actual and expected return on scheme assets:						
Amount	1,285	(328)	2,240	1,600	1,600	1,100
Percentage of scheme assets	1.1%	(0.3%)	2.4%	2.5%	2.5%	1.9%
Experience gains and losses of scheme liabilities						
Amount	(433)	1,917	-	-	-	5,300
Percentage of scheme liabilities	(0.4%)	1.4%	-	-	-	5.9%
Total actuarial gain in the statement of total recognised gains and losses						
Amount	19,846	4,006	(14,199)	1,600	1,600	3,200
Percentage of scheme liabilities	18.5%	3.4%	(12.1%)	1.7%	1.7%	3.6%

The company also operates a defined contribution scheme for which the pension cost charge for the year amounted to £49,780 (2007: £19,565).

24. ULTIMATE PARENT UNDERTAKING AND RELATED PARTIES

The immediate parent undertaking is PCC European Holdings Sarl. The ultimate parent undertaking and ultimate controlling party is Precision Castparts Corp, a company incorporated in the United States of America. Copies of the accounts of Precision Castparts Corp may be obtained by writing to Precision Castparts Corp, Corporate Office, 4650 SW Macadam Avenue, Suite 440 Portland, Oregon 97201-4254, United States of America.

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 'Related Party Disclosures', as the consolidated accounts of Precision Castparts Corp in which the company is included are available at the address noted above.