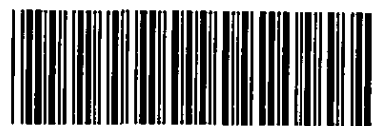


Mettis Aerospace (Holdings) Limited
Annual report and financial statements
for the year ended 31 March 2010

Registered number 4013487

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Mettis Aerospace (Holdings) Limited

Annual report and financial statements for the year ended 31 March 2010

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Mettis Aerospace (Holdings) Limited

Director's report for the year ended 31 March 2010

The director presents his annual report and the audited financial statements of the company for the year ended 31 March 2010

Director

The director who served during the year and up to the date of signing the financial statements was

A J MacPherson

The company has arranged appropriate insurance cover for any legal action taken against its directors and officers

Principal activities

The principal activity of the company, which is based solely in the United Kingdom, is the holding of shares in subsidiary companies

Business review and future developments

There was no change in the nature of the investments held or their carrying values during the year and no such changes are anticipated in the near future

The company made no political or charitable donations during the year (2009 £nil)

Financial risk management policies and objectives

The company was not exposed to any significant financial risks during the year due to the nature of its operations as a holding company. However the director continually monitors financial risks to ensure appropriate risk management policies are adopted and implemented

Key performance indicators

Due to the nature of the business the company monitors results on a group basis

Results and dividends

The profit and loss account is set out on page 5. The director does not recommend payment of a dividend (2009 £nil)

Mettis Aerospace (Holdings) Limited

Director's report for the year ended 31 March 2010 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

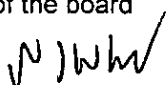
The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies

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

By order of the board



N E White
Company Secretary
31 August 2010

Mettis Aerospace (Holdings) Limited

Independent auditors' report to the members of Mettis Aerospace (Holdings) Limited

We have audited the financial statements of Mettis Aerospace (Holdings) Limited for the year ended 31 March 2010 which comprise the Profit and loss account, the Balance sheet and the related notes to the financial statements. 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)

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 director, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Mettis Aerospace (Holdings) Limited

Independent auditors' report to the members of Mettis Aerospace (Holdings) Limited (continued)

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
31 August 2010

Mettis Aerospace (Holdings) Limited

Profit and loss account for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Administrative expenses		-	-
Operating profit		-	-
Profit on ordinary activities before taxation		-	-
Tax credit on profit on ordinary activities	4	60	249
Profit for the financial year	10	60	249

The above results are derived from continuing activities

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

Mettis Aerospace (Holdings) Limited

Balance sheet as at 31 March 2010

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	5	30,952	30,952
Current assets			
Debtors	6	11,312	6,552
		11,312	6,552
Creditors, amounts falling due within one year	7	(3,000)	(3,000)
Net current assets		8,312	3,552
Total assets less current liabilities		39,264	34,504
Net assets		39,264	34,504
Capital and reserves			
Called up share capital	9	52,907	52,907
Share premium account	10	27,230	27,230
Profit and loss account	10	(40,873)	(45,633)
Total shareholders' funds	11	39,264	34,504

The financial statements on pages 5 to 13 were approved by the board of directors on 31 August 2010 and were signed on its behalf by



A J MacPherson
Director
Mettis Aerospace (Holdings) Limited
Registered number 4013487

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis.

Consolidation

These financial statements include information about Mettis Aerospace (Holdings) Limited as an individual company and do not contain consolidated financial information as a parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Mettis Group Limited, a company incorporated in England.

Investment in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for any impairment. The basis of impairment write down is by reference to the higher of net realisable value and value-in-use.

Capital transactions

Capital transactions are accounted for on capital contributions from parent undertakings. No profit or loss arises on such transactions. To the extent these transactions are made with qualifying consideration, these are recognised in distributable reserves; otherwise they are recorded within a non-distributable reserve.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling, at rates of exchange ruling, at the end of the financial period or at the agreed contractual rate.

Cash flow statement

The company is exempt from the requirement of FRS 1 (Revised 1996) "Cash flow statements" to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Mettis Group Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Taxation

Deferred tax is provided on all timing differences in accordance with FRS 19 "Deferred tax" and is recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax assets are recognised to the extent they are regarded as recoverable. Deferred tax assets and liabilities recognised have not been discounted. 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 upon tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

2 Profit and loss account

Auditor's remuneration £1,000 (2009 £1,000) for the company is borne by the company's parent undertaking

3 Directors and employees

The director did not receive any emoluments in respect of his services to the company for the year (2009 £nil) The company has no employees other than the director

4 Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax		
UK corporation tax on profit for the year at 28% (2009 28%)	-	(54)
Adjustment in respect of prior periods	(27)	-
Current tax credit on profit on ordinary activities	(27)	(54)
Deferred tax		
Origination and reversal of timing differences		
- Current year	(33)	(195)
Deferred tax credit	(33)	(195)
Tax on credit on ordinary activities	(60)	(249)

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 28%)	-	-
Effects of		
Non deductible and non taxable items	76	(54)
Other timing differences	(76)	-
Adjustment in respect of prior periods	(27)	-
Current tax credit for the year	(27)	(54)

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

5 Investments

Investment in subsidiary undertakings:	2010	2009
	£'000	£'000
Cost	60,226	60,226
Impairment provision	(29,274)	(29,274)
Net book value	30,952	30,952

The directors believe that the carrying value of the investments is supported by their underlying net assets

Details of the principal subsidiary companies are given in note 12

6 Debtors

	2010	2009
	£'000	£'000
Due within one year		
Amount owed by group undertakings	11,084	6,357
Deferred taxation – amount due after one year (note 8)	228	195
	11,312	6,552

The amounts owed by group undertakings have no scheduled repayment date and are not interest bearing

7 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Amounts owed to group undertakings	3,000	3,000
	3,000	3,000

The amounts owed to group undertakings have no scheduled repayment date and are not interest bearing All amounts owed to group undertakings are unsecured

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

8 Provisions for liabilities and charges

Deferred taxation

	2010	2009
	£'000	£'000
(Asset) at 31 March 2009	(195)	-
Credit for the year	(33)	(195)
(Asset) at 31 March 2010	(228)	(195)

Amounts provided

	2010	2009
	£'000	£'000
Other timing differences – losses	(228)	(195)
	(228)	(195)

Amounts not provided

	2010	2009
	£'000	£'000
Other timing differences – losses	(2,731)	(2,840)
	(2,731)	(2,840)

The recognised deferred tax asset balances above are shown within debtors (note 6)

The unrecognised deferred tax assets are in respect of trading losses. These have not been recognised as the director considers that it is unlikely that there will be sufficient suitable taxable profits in the future against which to offset these tax losses. There are no unrecognised deferred tax liabilities.

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

9 Called up share capital

	2010	2009
	£'000	£'000
Authorised		
53,601,000 (2009 53,601,000) ordinary £1 shares	53,601	53,601
Allotted, and fully paid		
52,906,929 (2009 52,906,929) ordinary £1 shares	52,907	52,907

In August 2008, the authorised share capital was restructured and ordinary shares were issued to the company's parent company, Mettis Group Limited, to enable a net loan balance due of £51,905,929 to be repaid

10 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 April 2009	27,230	(45,633)
Profit for the financial year	-	60
Capital contribution from parent company	-	4,700
At 31 March 2010	27,230	(40,873)

On 16 September 2009 the company's parent undertaking, Mettis Group Limited, novated a loan payable from subsidiary undertaking, Mettis Aerospace Limited, to the company. Given the novation was at £nil consideration, this has been accounted for as a capital contribution from the parent undertaking.

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

11 Reconciliation of movements in total shareholders' funds

	2010	2009
	£'000	£'000
Profit for the financial year	60	249
Capital contribution from parent undertaking (note 10)	4,700	-
Share capital issued in the year (note 9)	-	51,906
Net movements in total shareholders' funds	4,760	52,155
Opening total shareholders' funds/(deficit)	34,504	(17,651)
Closing total shareholders' funds	39,264	34,504

12 Principal subsidiaries

Details of the directly held subsidiary companies, which are wholly owned, are included in the following table

Name of company	Country of incorporation/ registration and operation	Issued share capital	Principal activity
High Duty Alloys Limited	United Kingdom	13,387,085 ordinary £1 shares	Holding company
Hiduminium Limited	United Kingdom	3,000,002 ordinary £1 shares	Dormant
Marlyn Precision Limited	United Kingdom	9,300,002 ordinary £1 shares	Dormant
Aerospace Forgings Limited	United Kingdom	3,571,673 ordinary £1 shares	Dormant
Definearea Limited	United Kingdom	2,900,002 ordinary £1 shares	Dormant
Marlyn Precision (Stroud) Limited	United Kingdom	1,000,002 ordinary £1 shares	Dormant
Mettis Engineering Limited	United Kingdom	2 ordinary £1 shares	Dormant

High Duty Alloys Limited owns 100% of the issued share capital, ordinary shares £1, of Mettis Aerospace Limited, a company incorporated in England and Wales

Mettis Aerospace (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

13 Related party disclosures

The company has taken advantage of the exemption given in FRS 8 "Related Party Disclosures" with respect to inter group disclosures as its parent company, Mettis Group Limited, controls 100% of the company's voting share capital and its group accounts are publicly available

14 Contingent liabilities

The company is a party to a group banking arrangement. The group's bank borrowings at any time are secured by a fixed and floating charge on the assets of the company. There were contingent liabilities at the year end under letters of indemnity given by the bank of £50,000 (2009 £50,000) in favour of HM Revenue and Customs for duty deferment

15 Post balance sheet event

On 11 June 2010 Mettis Group Limited transferred its freehold land and buildings to Mettis Aerospace (Holdings) Limited at book value. Based on the Directors' current projections, this has resulted in the recognition of a deferred tax asset of £1,446,000 during the year ending 31 March 2011

16 Ultimate parent company and controlling party

The parent company undertaking is, Mettis Group Limited, a company incorporated in the United Kingdom. Copies of Mettis Group Limited consolidated financial statements can be obtained from the Company Secretary, Mettis Group Limited, Windsor Road, Redditch, Worcestershire, B97 6EF

Mettis Group Limited heads the smallest and the largest group to consolidate these financial statements

Saints Capital Chamonix LP held over 50% of the equity of Mettis Group Limited at 28 March 2010. As a result the director considers that the group is effectively controlled by Saints Capital Chamonix LP, the registered office of which is 475 Sansome Street, Suite 1850, San Francisco, CA 94111