



Accountants &
business advisers

Company No 05845368

PRECISION TECHNOLOGIES GROUP LIMITED

Annual Report

Year ended 31 March 2009

Client No 4006204

Registrar's Copy



PRECISION TECHNOLOGIES GROUP LIMITED

COMPANY INFORMATION

Directors	M B Franckel M I Merryweather A S Z De Ferranti S J W Lord Dr A J Bannan D Pasini
Company secretary	P Drabble
Company number	05845368
Registered office	Holroyd Harbour Lane North Milnrow Rochdale Lancashire OL16 3LQ
Auditor	PKF (UK) LLP Pannell House 159 Charles Street Leicester LE1 1LD

PRECISION TECHNOLOGIES GROUP LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Statement of directors' responsibilities	4
Independent auditors' report	5 - 6
Consolidated profit and loss account	7
Statement of total recognised gains and losses	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Notes to the financial statements	12 - 30

PRECISION TECHNOLOGIES GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and the financial statements for the year ended 31 March 2009

Principal activities

The Precision Technologies Group Limited group comprises the companies listed below

Precision Technologies Group Limited (the company)
Holroyd Precision Limited
Jones and Shipman Precision Limited
Jones & Shipman SARL
Precision Technologies LLC
PTG Heavy Industries Limited (formerly J&S Remanufacture Limited)
PTG Advanced Developments Limited
Precision Components Limited
PTG Deutschland GmbH
Milnrow Investments Limited

The principal activity of the group is the manufacture of machine tools and helical components (e.g., rotors)

For more information, or to request a copy of our annual review, please go to

Machines tools www.ptg-machines.com
Helical components www.ptg-components.com

Business review

The financial year ended 31st March 2009 was the third trading period for the group

The group assesses performance in terms of turnover, gross margin, and overall profitability. In addition, the group measures its sales performance against industry statistics to assess shifts in the geographic markets, industrial sectors and competitive environments in which its products are sold. The year ended 31st March 2009 was in line with expectations.

During the year PTG Heavy Industries Limited (formerly J&S Remanufacture Limited) commenced trading following the acquisition of the key assets of the YMT Group. After taking into account this, and the relative length of periods, the increase in profit from the previous period was primarily due to the increase in Turnover with limited dilution of Gross Profit margin (flowing from the strong order intake in the previous period and the expansion of the group as previously reported), and the reduction in Tax (from the utilisation of losses brought forward). These positive movements were partly offset by adverse movements in certain Administrative expenses generally consistent with the restructuring and expansion of the group, although some of these should be non-recurring (e.g., legal and professional costs).

In the second half of the year, enquiries and orders started to show a decline consistent with the global economic downturn and the Group ended the year, like its peers, in a climate of uncertainty.

Precision Components Limited was the most immediately affected and capacity was reduced accordingly both during the third quarter, and further still after the year end. The impact for the Jones & Shipman businesses was more evident, and more severe, after the year end, when these businesses were also restructured. The burden of costs associated with this restructuring, and the replenishment of working capital arising from losses arising thereto, was mitigated by the group's shareholders who have supported the group with additional funding after the year end.

Orders for Holroyd Precision Limited did not weaken to such an extent due to the nature of the sectors into which these businesses sell, providing some good news for the forthcoming year.

J&S Remanufacture Limited has made an encouraging start not only as expected for remanufacturing services but also for new Binns & Berry and Crawford Swift machines. In order to reflect this balance, the business has been renamed PTG Heavy Industries after the year end.

PRECISION TECHNOLOGIES GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

PTG Advanced Developments Limited has yet to commence trading and, subsequent to the year end, PTG Deutschland GmbH was established to represent the group in the German market

The principal operating risks at group level therefore remain with the general downturn in machine tools worldwide. The group has a diverse range of machine tools, and a strong presence worldwide, especially in strong industrial sectors and developing markets, thus this risk is somewhat mitigated. However, the group's resizing of the Precision Components Limited and Jones & Shipman businesses, supported by the group's shareholders, both during and after the year end has been undertaken to protect the group from losses from these businesses should their downturns be sustained.

The group's largest expense risk relates to material purchases, although the range of material requirements mean that overall it would not be significantly impacted by an increase in any one commodity (e.g. steel). The risk is also mitigated by continuous review of its supplier base, for price and quality, and where possible the group is integrated to gain synergy in supply.

The group has revolving credit facilities and term loans under a facility provided by Landsbanki Commercial Finance ("LCF") which expire from July 2010. LCF is not in a position to renew these arrangements. The directors are confident that arrangements can be negotiated with another financier to enable the group to pay its debts as and when they fall due and continue as a going concern. Accordingly, these financial statements have been drawn up on a going concern basis.

Results

The profit for the year, after taxation, amounted to £2,274,766 (2008 - £934,772)

Directors

The directors who served during the year were

A S Z de Ferranti
S J W Lord (appointed 15 October 2008)
M I Merryweather
Dr A J Bannan (appointed 29 January 2009)
M Franckel
A A Maher (resigned 3 July 2009)

Subsequent to the year end, D Pasini was appointed on 30 June 2009

Events since the end of the year

On 10 March 2010 Precision Technologies Group Limited reached an agreement to sell the entire share capital of Holroyd Precision Limited, Precision Components Limited, PTG Heavy Industries Limited, Milnrow Investments Limited, PTG Advanced Developments Limited and PTG Deutschland GmbH to Chongqing Machinery & Electric Co. Ltd, a company incorporated in the People's Republic of China.

Financial instruments

The company's financial instruments are represented by balances with group companies. Each of the group companies have external borrowings with Landsbanki Commercial Finance. As such its principal risk in relation to this relates to changes in the underlying interest rate of those borrowings.

The facility provided by Landsbanki Commercial Finance is secured at the individual company level against certain assets of the business.

PRECISION TECHNOLOGIES GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2009**

Other than borrowings with Landsbanki Commercial Finance, the group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. Due to the worldwide customer base, and the risks associated, the group has a policy of using credit insurance to cover the majority of its debtors.

The group does not use hedge accounting, and transactions in foreign currencies relate to both selling and purchasing, and as such have been assessed as a natural hedge. As such the risk against currency exposure is minimal and is under continuous assessment.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that directors is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that directors have taken all the steps that ought to have been taken as a directors in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on *16 March 2010* and signed on its behalf



M B Franckel
Director

PRECISION TECHNOLOGIES GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2009

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRECISION TECHNOLOGIES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRECISION TECHNOLOGIES GROUP LIMITED

We have audited the group and parent company consolidated financial statements ('the financial statements') of Precision Technologies Group Limited for the period ended 31 March 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The 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 have been 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 group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

PRECISION TECHNOLOGIES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRECISION TECHNOLOGIES GROUP LIMITED

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 parent company's affairs as at 31 March 2009 and of the group's 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

PKF (UK) LLP

PKF (UK) LLP

Registered auditors

Leicester, UK

Date *16 March 2010*

PRECISION TECHNOLOGIES GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

		31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
	Note		
TURNOVER	1,2		
Continuing operations		29,246,252	13,905,204
Acquisitions		1,640,858	-
		30,887,110	13,905,204
Cost of sales	3	(16,882,924)	(7,487,464)
GROSS PROFIT		14,004,186	6,417,740
Administrative expenses	3	(10,837,705)	(4,928,570)
OPERATING PROFIT	4		
Continuing operations		3,342,594	1,489,170
Acquisitions		(176,113)	-
		3,166,481	1,489,170
Interest receivable		40,463	-
Interest payable	8	(420,881)	(275,608)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,786,063	1,213,562
Tax on profit on ordinary activities	9	(511,297)	(278,790)
PROFIT FOR THE FINANCIAL YEAR	20	2,274,766	934,772

The notes on pages 12 to 30 form part of these financial statements

PRECISION TECHNOLOGIES GROUP LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009**

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
PROFIT FOR THE FINANCIAL YEAR	2,274,766	934,772
Exchange adjustment arising on consolidation	89,461	41,283
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	2,364,227	976,055

The notes on pages 12 to 30 form part of these financial statements

PRECISION TECHNOLOGIES GROUP LIMITED

REGISTERED NUMBER 05845368

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Negative goodwill		(360,181)		(727,289)	
Intangible fixed assets	10		(360,181)		(727,289)
Tangible fixed assets	11		3,809,680		3,677,885
			<u>3,449,499</u>		<u>2,950,596</u>
CURRENT ASSETS					
Stocks	13	4,369,045		4,238,490	
Debtors	14	10,174,951		8,285,137	
Cash at bank and in hand		259,368		326,950	
			<u>14,803,364</u>	<u>12,850,577</u>	
CREDITORS . amounts falling due within one year	15	(13,022,074)		(11,554,624)	
NET CURRENT ASSETS			<u>1,781,290</u>		<u>1,295,953</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,230,789</u>		<u>4,246,549</u>
CREDITORS . amounts falling due after more than one year	16		(613,349)		(2,010,926)
PROVISIONS FOR LIABILITIES					
Other provisions	18		(98,675)		(81,085)
NET ASSETS			<u><u>4,518,765</u></u>		<u><u>2,154,538</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		69,264		69,264
Share premium account	20		244,229		244,229
Revaluation reserve	20		600,000		600,000
Profit and loss account	20		3,605,272		1,241,045
SHAREHOLDERS' FUNDS	21		<u><u>4,518,765</u></u>		<u><u>2,154,538</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

16 March 2010

M B Franckel
Director

The notes on pages 12 to 30 form part of these financial statements

PRECISION TECHNOLOGIES GROUP LIMITED

REGISTERED NUMBER. 05845368

**COMPANY BALANCE SHEET
AS AT 31 MARCH 2009**

	Note	£	2009 £	2008 £
FIXED ASSETS				
Fixed asset investments	12		396	297
CURRENT ASSETS				
Debtors	14	2,136,214	1,310,854	
Cash at bank		-	10,042	
		<u>2,136,214</u>	<u>1,320,896</u>	
CREDITORS: amounts falling due within one year	15	<u>(1,196,969)</u>	<u>(778,837)</u>	
NET CURRENT ASSETS			<u>939,245</u>	<u>542,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>939,641</u>	<u>542,356</u>
CREDITORS: amounts falling due after more than one year	16		<u>(559,188)</u>	<u>(195,000)</u>
NET ASSETS			<u>380,453</u>	<u>347,356</u>
CAPITAL AND RESERVES				
Called up share capital	19		69,264	69,264
Share premium account	20		244,229	244,229
Profit and loss account	20		66,960	33,863
SHAREHOLDERS' FUNDS	21		<u>380,453</u>	<u>347,356</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

16 March 2010

M B Franckel
Director

The notes on pages 12 to 30 form part of these financial statements

PRECISION TECHNOLOGIES GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

		31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
	Note		
Net cash flow from operating activities	23	45,973	10,351
Returns on investments and servicing of finance	24	(380,418)	(229,494)
Taxation		(234,082)	(3,116)
Capital expenditure and financial investment	24	(521,779)	(174,122)
CASH OUTFLOW BEFORE FINANCING		(1,090,306)	(396,381)
Financing	24	(292,953)	(668,814)
DECREASE IN CASH IN THE YEAR		(1,383,259)	(1,065,195)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 MARCH 2009**

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Decrease in cash in the year	(1,383,259)	(1,065,195)
Cash outflow from decrease in debt and lease financing	292,953	668,814
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(1,090,306)	(396,381)
Other non-cash changes	(1,114,822)	447,636
MOVEMENT IN NET DEBT IN THE YEAR	(2,205,128)	51,255
Net debt at 1 April 2008	(3,807,740)	(3,858,995)
NET DEBT AT 31 MARCH 2009	(6,012,868)	(3,807,740)

The notes on pages 12 to 30 form part of these financial statements

PRECISION TECHNOLOGIES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards

The directors have prepared projected cash flow information for the period to 31 March 2011. On the basis of this cash flow information and discussions with the group's funders detailed below, the directors consider that the group will be able to operate within the facility currently agreed. However, the margin of facilities over requirements is not large and the nature of the group's business is such that there can be considerable unpredictable variation in the timing of cash inflows.

The group has revolving credit facilities and term loans under a facility provided by Landsbanki Commercial Finance ("LCF") which expire from July 2010. LCF is not in a position to renew these arrangements.

The financial statements have been prepared on a going concern basis, the validity of which depends on:

- 1 The successful refinancing of revolving credit facilities and term loans with another bank
- 2 Continued shareholder financing to support cash flow requirements

The directors are confident that arrangements can be negotiated with another financier to enable the group to pay its debts as and when they fall due and continue as a going concern. The shareholders have indicated that they will continue to support the group over the next 12 months. Accordingly, these financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the failure to refinance facilities with another bank, or a withdrawal of support from the group's shareholders.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Precision Technologies Group Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition and are accounted for using the acquisition method of accounting.

1.3 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Amortisation of goodwill attaining to monetary assets is recognised on realisation of those assets, and that attaining to non-monetary assets is recognised over the estimated useful economic life of those assets.

PRECISION TECHNOLOGIES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1 ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Plant & machinery	-	3 to 10 years
Fixtures & fittings	-	3 to 7 years
Computer equipment	-	3 to 5 years

1.6 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the group has elected not to adopt a policy of revaluation of tangible fixed assets. The group will retain the book value of land and buildings, previously revalued at 24 July 2007 and will not update that valuation.

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

1.10 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

PRECISION TECHNOLOGIES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if 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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the consolidated profit and loss account

1.13 Long-term contracts

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

1.14 Pensions

The group operates defined contribution pension schemes and the pension charge represents the amounts payable by the group to the funds in respect of the year

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

2 TURNOVER

A geographical analysis of turnover is as follows

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
United Kingdom	6,595,119	3,343,172
Rest of European Union	3,523,776	3,447,517
Rest of World	20,768,215	7,114,515
	<u>30,887,110</u>	<u>13,905,204</u>

The whole of the turnover from continuing activities and acquisitions is attributable to the manufacture of machine tools and helical components

3. COST OF SALES AND EXPENSES

	31 March 2009 Continuing £	Period from 1 October 2007 to 31 March 2008 Continuing £
Cost of sales	16,882,924	7,487,464
Administrative expenses	10,837,705	4,928,570

The following amounts were included within continuing activities in relation to acquisitions during the year

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Cost of sales	928,953	-
Administrative expenses	888,018	-

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Amortisation - intangible fixed assets	(1,152,578)	(266,266)
Depreciation of tangible fixed assets		
- owned by the group	484,351	292,191
- held under finance leases	19,371	2,741
Operating lease rentals		
- plant and machinery	108,957	35,705
- other operating leases	273,726	90,000
Difference on foreign exchange	91,981	104,285
	<hr/> <hr/>	<hr/> <hr/>

5 AUDITORS' REMUNERATION

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,000	6,000
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company pursuant to legislation	27,000	21,000
Other services relating to taxation	8,000	8,800
All other services	5,000	6,000
	<hr/> <hr/>	<hr/> <hr/>

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

6 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Wages and salaries	8,335,518	3,326,991
Social security costs	764,259	313,808
Other pension costs	308,426	127,214
	<u>9,408,203</u>	<u>3,768,013</u>

The average monthly number of employees, including the directors, during the year was as follows

	31 March 2009 No	Period from 1 October 2007 to 31 March 2008 No
Administration	29	30
Selling and distribution	222	206
	<u>251</u>	<u>236</u>

7 DIRECTORS' REMUNERATION

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Emoluments	405,715	91,000
Pension contributions to money purchase pension schemes	21,635	-

During the year retirement benefits were accruing to 5 directors (2008 - Nil) in respect of money purchase pension schemes

The highest paid director received remuneration of £140,683 (2008 - £62,400)

The value of the contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £7,416 (2008 - £NIL)

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

8. INTEREST PAYABLE

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
On bank loans and overdrafts	413,768	275,608
On finance leases and hire purchase contracts	7,113	-
	<u>420,881</u>	<u>275,608</u>

9 TAXATION

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	486,645	225,770
Foreign tax on income for the year/period	26,058	-
Total current tax	<u>512,703</u>	<u>225,770</u>
Deferred tax (see note 17)		
Origination and reversal of timing differences	(1,406)	53,020
Tax on profit on ordinary activities	<u>511,297</u>	<u>278,790</u>

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

9. TAXATION (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Profit on ordinary activities before tax	2,786,063	1,213,562
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	780,098	364,069
Effects of:		
Expenses not deductible for tax purposes	124,743	38,443
Depreciation in excess of capital allowances for year/period	19,232	25,565
Utilisation of tax losses	-	(57,773)
Amortisation of negative goodwill	(322,697)	(79,800)
Tax rate differences	(88,673)	(49,142)
Short term timing differences	-	(15,592)
Current tax charge for the year/period (see note above)	512,703	225,770

Factors that may affect future tax charges

If the land and buildings of the group were sold at the current holding value this would give rise to corporation tax payable of £153,780 (2008 £153,780)

10. INTANGIBLE FIXED ASSETS

	Negative goodwill £
Group	
Cost	
At 1 April 2008	(2,214,675)
Additions	(785,470)
At 31 March 2009	(3,000,145)
Amortisation	
At 1 April 2008	(1,487,386)
Charge for the year	(1,152,578)
At 31 March 2009	(2,639,964)
Net book value	
At 31 March 2009	(360,181)
At 31 March 2008	(727,289)

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

11. TANGIBLE FIXED ASSETS

Group	Land and buildings £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost or valuation				
At 1 April 2008	2,500,000	1,505,014	478,767	4,483,781
Additions	11,414	588,660	30,071	630,145
Disposals	-	(6,755)	-	(6,755)
Foreign exchange movement	-	34,331	-	34,331
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	2,511,414	2,121,250	508,838	5,141,502
Depreciation				
At 1 April 2008	-	429,553	376,343	805,896
Charge for the year	-	395,157	108,565	503,722
Foreign exchange movement	-	22,204	-	22,204
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	-	846,914	484,908	1,331,822
Net book value				
At 31 March 2009	2,511,414	1,274,336	23,930	3,809,680
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	2,500,000	1,075,461	102,424	3,677,885
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2009 £	2008 £
Plant and machinery	223,844	49,798
	<hr/>	<hr/>

Cost or valuation at 31 March 2009 is as follows

Group	Land and buildings £
At cost	1,911,414
At valuation:	
24 July 2007 on an open market, existing use basis	600,000
	<hr/>
	2,511,414
	<hr/>

The land and buildings were revalued on 24 July 2007 by Knight Frank LLP, qualified external valuers, on an open market existing use basis

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

11. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2009	2008
	£	£
Group		
Cost	1,911,414	1,900,000
Accumulated depreciation	-	-
Net book value	1,911,414	1,900,000

12 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Company	
Cost or valuation	
At 1 April 2008	297
Additions	99
At 31 March 2009	396

Details of the principal subsidiaries can be found under note number 33

13 STOCKS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Raw materials	2,625,868	2,249,072	-	-
Work in progress	1,743,177	1,989,418	-	-
	4,369,045	4,238,490	-	-

14 DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	6,819,595	6,226,397	-	-
Amounts owed by group undertakings	-	-	1,928,890	1,003,777
Other debtors	1,051,319	1,726,843	207,324	307,077
Amounts recoverable on long term contracts	2,234,737	264,003	-	-
Deferred tax asset (see note 17)	69,300	67,894	-	-
	10,174,951	8,285,137	2,136,214	1,310,854

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

15 CREDITORS.

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	5,225,718	2,359,902	35,209	-
Other loans	335,812	-	335,812	-
Net obligations under finance leases and hire purchase contracts	97,357	7,612	-	-
Trade creditors	3,566,426	4,305,860	322,123	209,453
Amounts owed to group undertakings	-	-	204,698	510,212
Corporation tax	509,219	230,598	7,875	4,297
Social security and other taxes	777,173	335,652	53,032	-
Other creditors	1,704,677	3,807,083	-	-
Accruals and deferred income	805,692	507,917	238,220	54,875
	<u>13,022,074</u>	<u>11,554,624</u>	<u>1,196,969</u>	<u>778,837</u>

Bank loans and overdrafts are secured by a fixed and floating charge over all the assets of the group and the company

Finance lease and hire purchase creditors are secured on the assets concerned

16 CREDITORS

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Bank loans	-	1,784,044	-	-
Other loans	559,188	195,000	559,188	195,000
Net obligations under finance leases and hire purchase contracts	54,161	31,882	-	-
	<u>613,349</u>	<u>2,010,926</u>	<u>559,188</u>	<u>195,000</u>

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Repayable by instalments	-	81,250	-	-

Bank loans and overdrafts are secured by a fixed and floating charge over all the assets of the group and the company

The bank loans due in more than five years are repayable by equal instalments at a market rate of interest

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

16 CREDITORS

Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Between one and five years	54,161	31,882	-	-

Finance lease and hire purchase creditors are secured on the assets concerned

17 DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
At 1 April 2008	67,894	120,914	-	-
Released during/(charge for) the year	1,406	(53,020)	-	-
Other movement	-	-	-	-
At 31 March 2009	69,300	67,894	-	-

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Accelerated capital allowances	63,700	62,294	-	-
Short term timing differences	5,600	5,600	-	-
	69,300	67,894	-	-

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

18. PROVISIONS

	Warranty provision £
Group	
At 1 April 2008	81,085
Additions	17,590
	<hr/>
At 31 March 2009	98,675
	<hr/>

Warranty provision

The level of warranty provision is calculated based on 0.5% of the previous 12 months' sales. It is intended to be a fair reflection of the future costs to be incurred under the warranty in respect of warranty claims made.

In addition, and from time to time, a specific amount may be provided in addition to the general underlying level, for any single, significant, known warranty claim.

At the date of the accounts, there were no single, significant warranty claims outstanding, and as such no specific provision has been included.

The Company has no provisions.

19. SHARE CAPITAL

	2009 £	2008 £
Authorised		
500,000 ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
69,264 ordinary shares of £1 each	69,264	69,264
	<hr/>	<hr/>

20. RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
Group			
At 1 April 2008	244,229	600,000	1,241,045
Profit for the year			2,274,766
Exchange gain on consolidation			89,461
	<hr/>	<hr/>	<hr/>
At 31 March 2009	244,229	600,000	3,605,272
	<hr/>	<hr/>	<hr/>

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

20 RESERVES (continued)

	Share premium account £	Profit and loss account £
Company		
At 1 April 2008	244,229	33,863
Profit for the year		33,097
	<u>244,229</u>	<u>66,960</u>
At 31 March 2009	<u>244,229</u>	<u>66,960</u>

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Group		
Opening shareholders' funds	2,154,538	928,483
Profit for the year/period	2,274,766	934,772
Shares issued during the year/period	-	5,771
Share premium on shares issued (net of expenses)	-	244,229
Other recognised gains and losses during the year/period	89,461	41,283
	<u>4,518,765</u>	<u>2,154,538</u>
Closing shareholders' funds	<u>4,518,765</u>	<u>2,154,538</u>
	2009	2008
Company	£	£
Opening shareholders' funds	347,356	81,425
Profit for the year/period	33,097	15,931
Shares issued during the year/period	-	5,771
Share premium on shares issued (net of expenses)	-	244,229
	<u>380,453</u>	<u>347,356</u>
Closing shareholders' funds	<u>380,453</u>	<u>347,356</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account

The profit for the year/period dealt with in the accounts of the company was £33,097 (2008 - £15,931)

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

22. ACQUISITIONS

Acquisitions

During the year PTG Heavy Industries Limited was incorporated as a subsidiary of the group. This company acquired the trade and assets of Yorkshire Machine Tools Limited on 27 June 2008.

	Vendors' book value £	Fair value adjustments £	Fair value to the group £
Assets and liabilities acquired			
Tangible fixed assets	284,534	-	284,534
Intangible fixed assets	70,000	(70,000)	-
Stocks	247,000	(217,000)	30,000
Debtors	272,903	(40,785)	232,118
Other creditors and provisions	(186,652)	-	(186,652)
Net assets acquired	<u>687,785</u>	<u>(327,785)</u>	<u>360,000</u>
Satisfied by			
Consideration			
Cash			<u>360,000</u>
Surplus arising on consolidation taken to capital reserve			<u>-</u>

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Operating profit	3,166,481	1,489,170
Amortisation of intangible fixed assets	(1,152,578)	(1,221,120)
Depreciation of tangible fixed assets	503,722	607,410
Profit on disposal of tangible fixed assets	(6,005)	-
(Increase)/decrease in stocks	(100,555)	1,589,346
Increase in debtors	(1,656,290)	(3,213,887)
(Decrease)/increase in creditors	(803,726)	696,079
Increase in provisions	17,590	63,353
Foreign exchange movement	77,334	-
Net cash inflow from operations	<u>45,973</u>	<u>10,351</u>

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Returns on investments and servicing of finance		
Interest received	40,463	-
Interest paid	(413,768)	(229,494)
Hire purchase interest	(7,113)	-
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(380,418)	(229,494)
	<hr/>	<hr/>
	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(174,539)	(194,884)
Sale of tangible fixed assets	12,760	20,762
Purchase of unincorporated businesses	(360,000)	-
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(521,779)	(174,122)
	<hr/>	<hr/>
	31 March 2009 £	Period from 1 October 2007 to 31 March 2008 £
Financing		
Repayment of loans	(233,905)	(404,975)
Repayment of other loans	-	(256,081)
Repayment of finance leases	(59,048)	(7,758)
	<hr/>	<hr/>
Net cash outflow from financing	(292,953)	(668,814)
	<hr/>	<hr/>

PRECISION TECHNOLOGIES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

25. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2008 £	Cash flow £	Other non-cash changes £	31 March 2009 £
Cash at bank and in hand	326,950	(67,582)	-	259,368
Bank overdraft	(1,842,211)	(1,315,677)	-	(3,157,888)
	<u>(1,515,261)</u>	<u>(1,383,259)</u>	<u>-</u>	<u>(2,898,520)</u>
Debt				
Debts due within one year	(281,553)	292,953	(2,512,399)	(2,500,999)
Debts falling due after more than one year	(2,010,926)	-	1,397,577	(613,349)
	<u>(3,807,740)</u>	<u>(1,090,306)</u>	<u>(1,114,822)</u>	<u>(6,012,868)</u>
Net debt				

26. MAJOR NON-CASH TRANSACTIONS

During the year the group converted £700,000 of deferred consideration into a loan repayable over 18 months

During the year the group purchased fixed assets on hire purchase agreements amounting to £171,072
Reclassifications in the year have resulted in a non cash movement on net debt of £243,750

27. CONTINGENT LIABILITIES

Bank loans and overdrafts are secured by a fixed and floating charge over all of the assets of the group and subsidiary companies

The company has guaranteed amounts owed by group undertakings to it's bankers amounting to £5,156,533 (2008 £4,143,946) at the balance sheet date

The group has an overage agreement in place with Renold Plc, in force until December 2026, detailing that 50% of any profit generated on sale of the land and buildings for more than £2,000,000 is payable to Renold Plc

28. PENSION COMMITMENTS

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and are shown in note 6 to the accounts. There were no contributions outstanding at the balance sheet date (2008 £Nil)

PRECISION TECHNOLOGIES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

29 OPERATING LEASE COMMITMENTS

At 31 March 2009 the Group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings		2009	Other
	2009	2008		
Expiry date	£	£	£	£
Within 1 year	-	180,000	1,618	3,837
Between 2 and 5 years	-	-	83,958	-
After more than 5 years	210,000	-	4,780	90,291

30 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by FRS8 - Related Party Transactions, from disclosing transactions with other group companies

Ferranti Limited owns 50% of Delnor Limited which in turn owns 53% of the company During the year the group paid fees of £157,246 to Ferranti Limited At the year end £78,034 was owed to Ferranti Limited

31. POST BALANCE SHEET EVENTS

On 10 March 2010 Precision Technologies Group Limited reached an agreement to sell the entire share capital of Holroyd Precision Limited, Precision Components Limited, PTG Heavy Industries Limited, Milnrow Investments Limited, PTG Advanced Developments Limited and PTG Deutschland GmbH to Chongqing Machinery & Electric Co Ltd , a company incorporated in the People's Republic of China

32 CONTROLLING PARTY

The parent undertaking of the company is Delnor Limited

In the opinion of the directors, the ultimate controlling party is A S Z De Ferranti

PRECISION TECHNOLOGIES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

33. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Holroyd Precision Limited	UK	100	Direct
Jones and Shipman Precision Limited	UK	100	Direct
Precision Components Limited	UK	100	Direct
Milnrow Investments Limited	UK	100	Direct
Precision Technologies LLC	USA	100	Direct
Jones & Shipman SARL	France	100	Indirect
PTG Heavy Industries Limited	UK	100	Direct
PTG Advanced Developments Limited	UK	100	Direct

All of the above subsidiaries, other than Milnrow Investments Limited are involved in the manufacture and sale of Machine Tools and Helical components. Milnrow Investments Limited is a property holding company. PTG Advanced Developments Limited was dormant throughout the year.