Langley Holdings plc

Annual Report and Accounts 2008

www.langleyholdings.com

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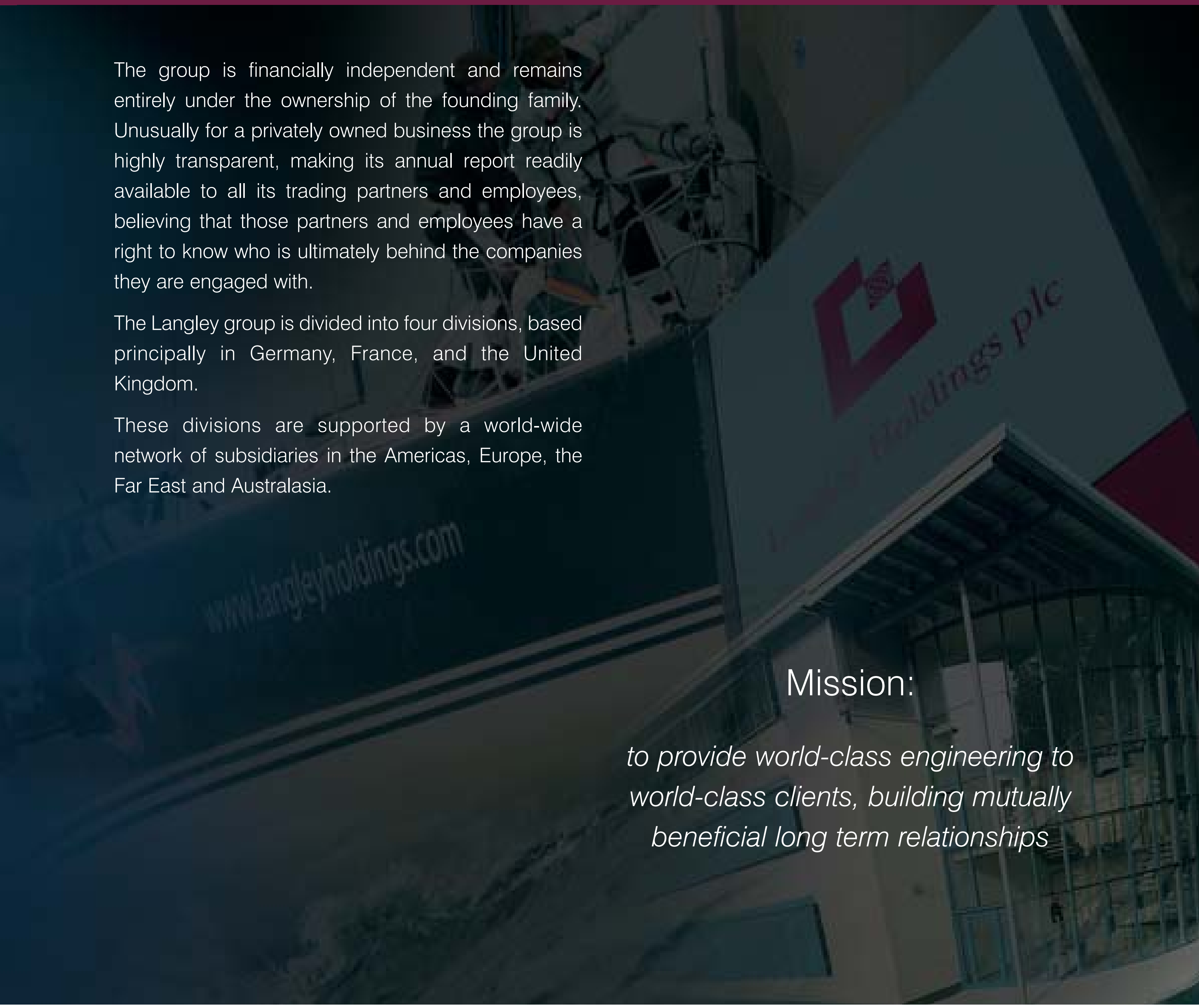
Section 1

Group Overview

The company that is now Langley Holdings PLC was established in 1975 by the current Chairman & CEO, Mr Tony Langley. Today the Langley group is a globally operating, multi-disciplined engineering concern providing capital equipment technologies to diverse markets around the world.

Langley businesses are either outright market leaders or key niche players in their particular field, providing advanced technologies in a solutions based approach. The group's technologies can be found at the very heart of industrial and commercial processes across the developed and developing world, often performing mission critical tasks in the most demanding of environments.

In 2008 the group generated revenues of just over €500 million, returned operating profits of 13% and employed approaching 2,500 people world wide.



The group is financially independent and remains entirely under the ownership of the founding family. Unusually for a privately owned business the group is highly transparent, making its annual report readily available to all its trading partners and employees, believing that those partners and employees have a right to know who is ultimately behind the companies they are engaged with.

The Langley group is divided into four divisions, based principally in Germany, France, and the United Kingdom.

These divisions are supported by a world-wide network of subsidiaries in the Americas, Europe, the Far East and Australasia.

Mission:

to provide world-class engineering to world-class clients, building mutually beneficial long term relationships

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Piller Division

location: Germany

activity: power protection systems + airport ground power systems + naval military systems

revenue: €195.9m

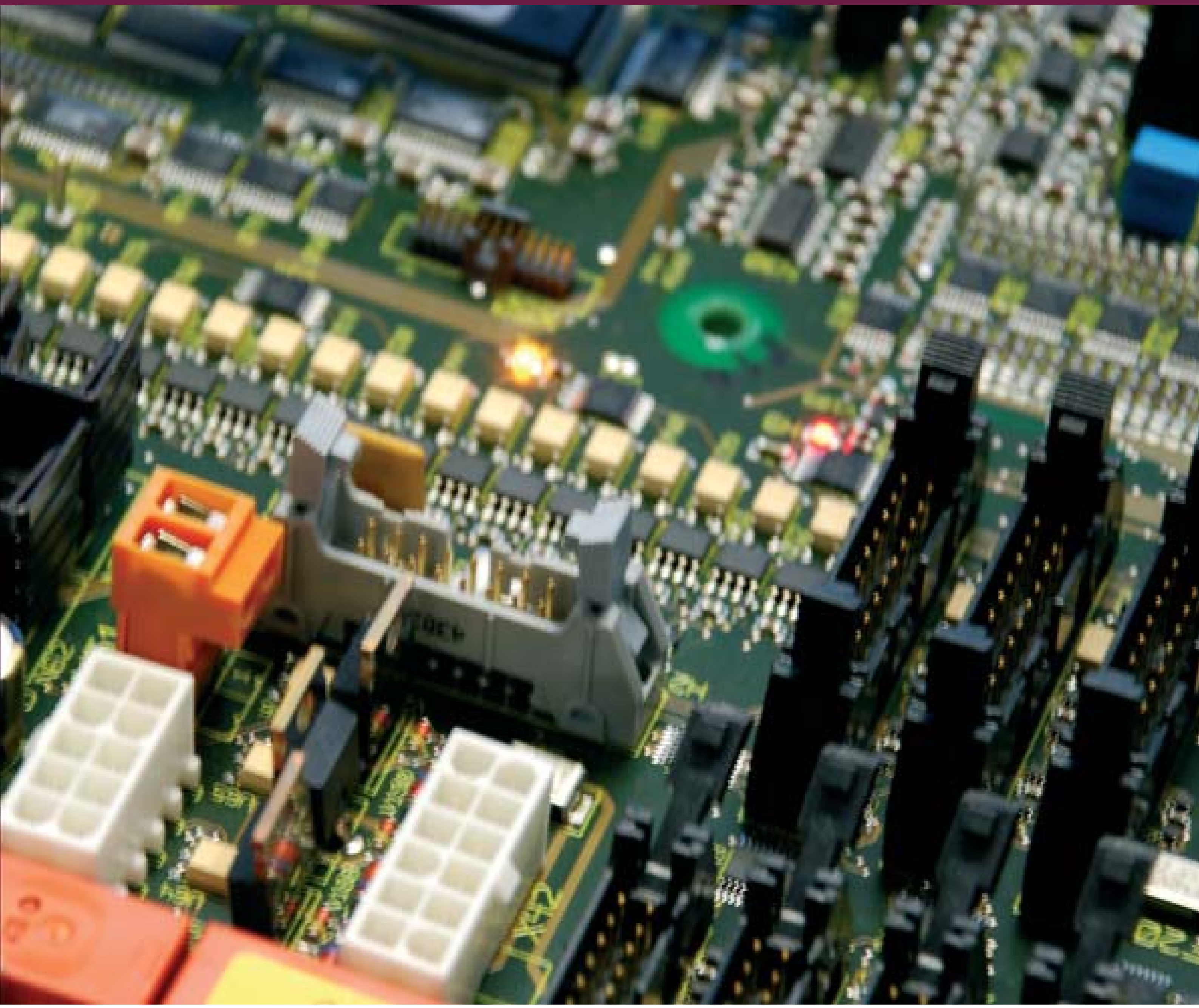
employees: 742

web: **www.piller.com**

Piller Power Systems, headquartered in Osterode, near Hannover in Germany, is a world leading producer of power conditioning and back-up systems. Piller systems support the global banking & finance community, broadcasters, telecommunication networks, healthcare, aviation and other sectors operating mission critical electrical systems. Piller also produces ground power systems for civil and military airports and on-board electrical systems for surface and submarine naval military applications.

Modern manufacturing facilities at Piller's Osterode headquarters and state-of-the-art, purpose-built assembly and testing facilities at nearby Bilshausen, are generally regarded as the most comprehensive of their kind and Piller is widely acknowledged as the outright leader in the field of high-end power protection.

The company was established in 1909 by Anton Piller and remained in the ownership of the Piller family until 1993, when it was acquired by the German utility, RWE AG. Piller became part of the Langley group in 2004.



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Claudius Peters Division

location: Germany

activity: process plant equipment + aerospace components

revenue: €163.7m

employees: 623

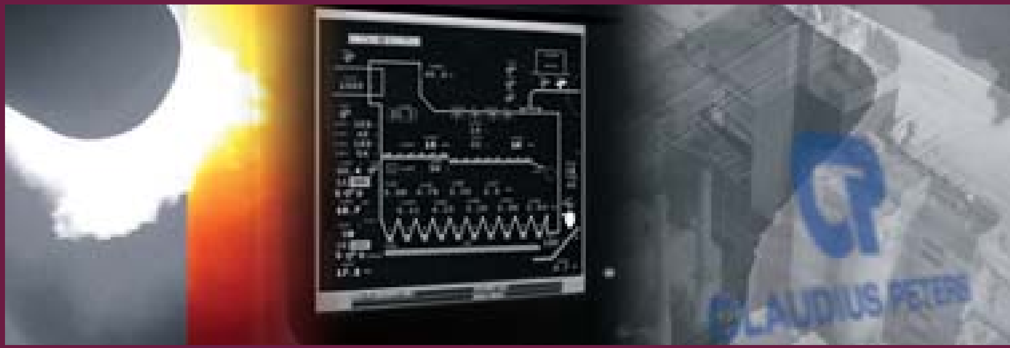
web: **www.claudiuspeters.com**

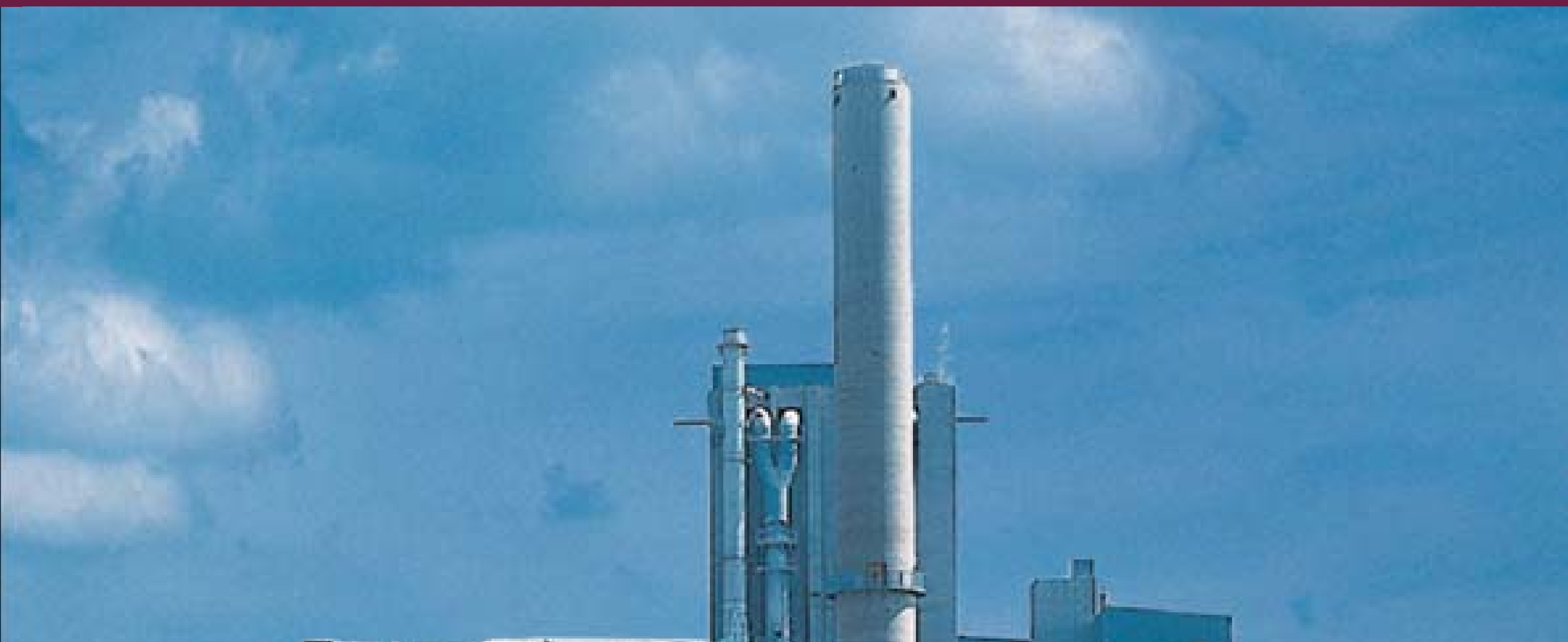
Headquartered near Hamburg in Germany, Claudius Peters produces innovative materials handling and processing systems for the global cement and gypsum industry and coal pulverizing and injection systems for the world's steel industry – sectors the company has been synonymous with for over a century. Today Claudius Peters continues to serve its global markets from Germany via a world-wide network of subsidiaries.

Claudius Peters remains at the forefront of its field by maintaining a vigorous research, development and test programme at the headquarters Technikum (Technical Centre) in Buxtehude, near Hamburg which also houses a permanent exhibition of Claudius Peters' key technologies.

In its aerospace division Claudius Peters manufactures aircraft "stringers", the longitudinal structural supports, several kilometres of which are to be found in each and every Airbus aircraft in service today.

Since the early 1970's Claudius Peters was a division of Babcock International PLC and became part of the Langley group in 2001.





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ARO Division

location: France

activity: automotive welding technology

revenue: €87.4m

employees: 464

web: **www.arotechnologies.com**

ARO group is widely regarded as the world leader in resistance welding technology, providing the automotive manufacturing industry with advanced robotic, manual and stationary welding solutions.

The company is headquartered in Chateau-du-Loir near Le Mans in France, home of the famous 24 hour motor race and was established there in 1949 by Albert Rolland, who began producing welding machines for the auto body repair market.

Today the ARO Welding Technologies Group also produces its state-of-the-art welding equipment in the United States and in China and serves its global automotive clients via a network of subsidiaries in Belgium, Germany, Mexico, Spain, Sweden, Slovakia and the UK.

ARO became part of the Langley group in 2006 and was formerly part of the German MDAX engineering group, IWKA AG

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Other Businesses

Several other businesses, situated at various locations in the United Kingdom and in the United States, are consolidated under other businesses.

The Clarke Chapman Group is a specialised producer of onshore cranes for the nuclear, military, and other sectors and offshore cranes for the oil & gas industry. Clarke Chapman operates principally from locations in Newcastle, Leeds, Wolverhampton and Bristol in the United Kingdom. Clarke Chapman was acquired by the group from Rolls Royce PLC in 2000. www.clarkechapman.co.uk

Bradman Lake Group produces integrated cartoning, wrapping and end-of-line packaging systems for the food industry and counts amongst its clients many of the world's leading food companies. Bradman Lake operates from locations in East Anglia and Bristol in the United Kingdom and from Charlotte, North Carolina, in the United States and joined the group in October 2007. www.bradmanlake.com

Other smaller business units within the Division, include: JND Technologies, a specialist in rotary thermal technologies and size reduction equipment; Protran, a builder of liquefied compressed gas road transport vehicles; PEI, a builder of pressure vessels and heat exchangers; Reader, a blender of cement grouts and grout machinery producer and; Langley Homes, a regional UK house builder.

All other businesses have their own websites accessible via the main portal, www.langleyholdings.com

location: UK & US

activity: diverse capital equipment + construction

revenue: €65.7m

employees: 570

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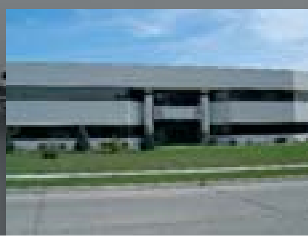
Global Presence

ASIA PACIFIC - SINGAPORE | **AUSTRALIA** -SYDNEY | **BELGIUM** - BRUSSELS | **BRAZIL** - SAO PAULO | **CHINA** - BEIJING, HONG KONG, WUHAN | **FRANCE** - LE MANS, MULHOUSE, PARIS | **GERMANY** - HAMBURG, HANOVER, AUGSBURG **INDIA** - MUMBAI | **ITALY** - BERGAMO & MILAN | **MEXICO** - PUEBLA | **ROMANIA** - SIBIU | **SLOVAKIA** - BRATISLAVA **SPAIN** - BARCELONA & MADRID | **SWEDEN** - FIARAS | **USA** - CHARLOTTE (NORTH CAROLINA), DALLAS, NEW YORK, DETROIT | **UNITED KINGDOM** - VARIOUS LOCATIONS

Dallas, USA

New York, USA



Detroit, USA

Le Mans, France


Hamburg, Germany


Mulhouse, France


Hanover, Germany

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IFRS Annual Report and Accounts 2008

Company Information
YEAR ENDED 31 DECEMBER 2008

DIRECTORS:	A J Langley - Chairman J J Langley - Non-Executive B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Thrumpton Lane Retford Nottinghamshire DN22 7AN England
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITORS:	Nexia Smith & Williamson LLP Chartered Accountants Registered Auditors Portwall Place Portwall Lane Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank plc P.O. Box 3333 15 Colmore Row Birmingham B3 2WN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany
PRINCIPAL LEGAL ADVISORS:	Hammonds 2 Park Lane Leeds LS3 1ES England

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Key Highlights
YEAR ENDED 31 DECEMBER 2008

	Year ended 31 December 2008 **€'000**	Year ended 31 December 2007 **€'000**
REVENUE	512,764	493,852
OPERATING PROFIT	65,589	53,578
PRE TAX PROFIT	70,193	56,735
NET ASSETS	179,745	156,388
NET CASH	141,341	99,744
ORDERS ON HAND	234,580	251,288

	No	No
EMPLOYEES	2,401	2,413

Chairman's Review

YEAR ENDED 31 DECEMBER 2008

2008 was another record year for Langley Holdings plc. Revenues were up slightly at €512.8 million (2007: €493.9 million) and at €65.6 million (2007: €53.6 million), operating profits were also up on last year, achieving a healthy 13% on sales overall. There were no non-recurring costs during the year (2007: €4.1 million) and finance income contributed a further €4.6 million (2007: €3.1 million), resulting in a profit before tax for the year of €70.2 million (2007: €56.7 million).

During the period the group generated €81.5 million of cash before dividends of €16.2 million and tax payments of €23.6 million and remained free of net debt throughout the year to close the period with €141.3 million of net cash (2007: €99.7 million). Net assets were €179.7 million (2007: €156.4 million) and orders on hand at the year end stood at €234.6 million (2007 €251.3 million).

Piller Division

Piller Power Systems, our German producer of top-end power protection and other electrical systems and the largest of our divisions, delivered the strongest performance of 2008. Demand across its global markets remained remarkably strong from the banking and finance sector, despite their well publicised problems, although this cooled rapidly in the final quarter. The emerging co-location data centre sector also remained strong for Piller with major systems going live in the US and Australia during the year, whilst there were major contract wins in France and Germany for utility clients and naval military awards for submarine on-board systems. In the middle of the year demand was looking so strong that an expansion of the Bilshausen facility was sanctioned. However, this investment was suspended in October due to the sudden downturn in order intake and building work has been halted. The situation will be reviewed again towards the middle of 2009. Meanwhile, the Piller division began the new trading period with orders on hand of €80.7 million (2007 €98.7 million).

Claudius Peters Division

Claudius Peters division, also based in Germany, which is engaged in materials handling plant and machinery for the steel, cement, gypsum, and other base materials, made further good progress in 2008, but experienced the severest drop off in order intake of all our divisions in the final quarter. The base materials sector has enjoyed an unprecedented boom in recent years and consequently revenues and operating profits at Claudius Peters were both up in the period and the carry over of orders at the year end, despite the last quarter drop off, was a very healthy €119.3 million, although much of this will not be delivered until 2010. Claudius Peters remains heavily loaded into the second quarter and it will be the second half of 2009 before the global economic downturn we are seeing really starts to impact in this division.

(continued)

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Chairman's Review (continued)
YEAR ENDED 31 DECEMBER 2008

ARO Division

ARO, our automotive welding equipment division based in France, was acquired by the group at the end of 2006 and re-structured in 2007. The division, which was loss making in 2006, managed a 5% operating margin in 2007, which it improved upon in 2008 on similar revenues. In 2007 operating profits were heavily impacted by restructuring costs and without this burden in 2008, and despite particularly difficult trading conditions in the sector, ARO's performance was on the whole satisfactory. Trading conditions in the sector look set to worsen before they get better but I am confident that the relatively modest investment we made to acquire this key supplier to the European and US automotive producers was well founded. During the year the freehold interest in ARO's US plant became available and this was acquired by Langley Holdings PLC post year end.

Other Businesses

Other businesses had a mixed year. Bradman Lake, the loss making packaging machinery business we acquired in October 2007, was restructured in the period and Clarke Chapman, although falling short of its target, made a positive contribution and looks forward to an improved 2009 with several key contracts now in place. Similarly JND also fell short of its target but still made a positive contribution. Langley Homes, the builder that develops our former legacy sites in the UK, notched up a relatively small loss, its first in many years, the result of a truly dire UK housing market. However, the business, tiny in the overall scale of the group and representing less than 1% of total revenues, remains strategically relevant and during the period won a long standing battle with planning authorities to re-develop two of our brown field sites. One of these schemes comprises mixed housing and office development and part of the latter will be occupied by the group. This part of the development has now commenced and when completed later in 2009, will allow demolition of the existing offices, necessary to open up the entire site for redevelopment.

Outlook

Looking forward a year ago, I commented that the implications on our businesses of the financial crisis that began in August 2007, were still to be fully understood. As 2008 unfolded, order intake on the whole continued to grow strongly, with the backlog peaking in the third quarter at over €300 million. In the final quarter, however, order intake dropped off dramatically as the crisis in the financial sector deepened and its effects spread to the wider economy. This resulted in a record low monthly order intake in December and should this trend continue we will see a step change in many of our businesses commencing in 2009. Diverse as they are, only a very small proportion of our activities are likely to be unaffected by a global economic downturn on the scale we are currently seeing develop.

Most business units are fully committed at existing levels of activity in the first quarter and some into quarter two, but by the second half of 2009, if we do not see a reversal of the quarter four 2008 trend, the group will be trading at a substantially lower level. Accordingly, I have instigated a detailed review of all our business units to assess what steps need to be taken to manage the situation and we are modelling a range of scenarios from relatively optimistic to extremely pessimistic. Likely the actuality will be somewhere between the two and as 2009 develops we will be regularly reassessing the situation, fine tuning the assumptions made in each of our business units.

Should this "step change" occur it will not happen immediately. The group began the year with forward orders only slightly down (7%) on last year and it will take time for this backlog to trade through. As a result I fully expect the group will be profitable and cash generative in the trading year 2009, albeit well off the peak we have just experienced. Although we will continue to examine new opportunities to further develop the group by acquisition, I believe that when we look back on 2008 in the future it will prove to have been a pinnacle for many of our existing businesses.

Since the beginning of the decade the group has enjoyed a period of uninterrupted growth, due in part to unprecedented demand in certain key markets in recent years, and in part to the smooth integration of the acquisitions we have made during this period. As a result, each of those years has seen new records achieved by virtually every measure of performance.

The group has achieved this growth without taking on excessive debt and it has stored the fruits of those good years. Our profits have not been distributed to disparate shareholders and our cash has been carefully preserved, such that today we are beholden to no banks and answerable to no other shareholder than myself. Consequently we enter this new economic phase in better shape than many and I am confident that our group is well prepared for a deep and prolonged downturn, should that be what the future holds.

Our People

As is the custom, no review of our group would be complete without mention of our many employees around the world who, through their hard work and commitment, make the group the success that it is today. Regrettably I fear that the numbers of people we will employ a year from now will be fewer than today. That is inevitable in a recession but we will look to ways to minimise those reductions wherever we can and with the co-operation of our employees and their representatives I am hopeful that this can be achieved, given the will on both sides. However, as this recession bites, as I believe it will, open mindedness and flexibility will be required if we are to be successful in this regard.

Conclusion

2008 was an exceptionally successful year for our group, the likes of which I believe we are unlikely to see repeated for quite some time. In the wider sense I feel we may look back on this period in history in much the same way as looking back on the late 1920's. Indeed the similarities with that period are staggering and if nothing else is learned it should be that history does indeed repeat itself and that the lessons of history are seldom learned by the majority.

Looking to 2009 and beyond I am hopeful that the remarkable optimism generated in America by the inauguration of President Obama and the measures that he is currently taking, will begin to lead the US out of its current difficulties; likewise measures being taken the world over by other governments. But, how ever much one hopes for the best, I believe it is also prudent to concurrently plan for the worst such that if the worst comes, we are properly prepared and that is how I am going forward.

Anthony J Langley

Chairman

6 February 2009

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Directors' Report
YEAR ENDED 31 DECEMBER 2008

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 26. The profit attributable to shareholders for the financial year was €45,410,000 (31 December 2007- €43,219,000).

Dividends of €16.23 per share were paid to the ordinary shareholders during the year (2007 - €10.51). No final dividend was proposed at the year end.

BUSINESS REVIEW

(a) Development performance and position

The Chairman's Review on pages 17 to 19 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the Group's performance. A risk assessment process is in place and is designed to identify, manage and mitigate business risks. However it is recognised that to identify, manage and mitigate risks is not the same as to eliminate them entirely. The Group ensures that it is not exposed to any downturn in a trading sector by continuing to diversify its activitites. The Group has a wide range of customers which limits exposure to any material loss of revenue. The Chairman's Review includes consideration of the current economic climate.

(c) Key Performance Indicators (KPIs)

The Board uses a number of tools to monitor the Group's performance including a review of key performance indicators (KPIs) on a regular and consistent basis across the Group. Examples of KPIs currently used include:

Targets

- Regular monthly monitoring of as sold and developed contract margins
- Minimum return on capital being profit for the year as a percentage of equity of 25%
- Minimum return on sales being profit for the year as a percentage of sales of 8%

	2008	2007
Return on Capital	39%	36%
Return on Sales	14%	11%

The Board also considers the following non-financial key performance indicator:

- Staff turnover

This is reviewed monthly on information provided to the Board.

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2008

BUSINESS REVIEW (continued)

(d) Research and development

The Group is committed to innovation and technical excellence. Via its divisions, the Group maintains a programme of research and development to ensure that it remains at the forefront of respective technologies in its key sectors.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the engineering sector. The specific activities of the subsidiary undertakings are as disclosed in note 17 to the Accounts.

The Directors are satisfied with the trading results of the Group for the year. A review of the businesses of the Group is included in the Chairman's Review on pages 17 to 19.

EMPLOYMENT POLICY

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind and to training for the existing and likely needs of the business.

It is the Group's policy to keep its employees informed on matters affecting them and actively encourages their involvement in the performance of the Group.

FINANCIAL RISK MANAGEMENT

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements.

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Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2008

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. The average number of days' purchases included within trade creditors for the Group at the year end was 32 days (2007 – 28 days).

DIRECTORS' INTERESTS

The Directors of the Company in office during the year and their beneficial interests in the issued share capital of the Company were as follows:

	At 31 December 2008 Ordinary shares of £0.10 each	At 31 December 2007 Ordinary shares of £0.10 each
A J Langley (Chairman)	1,000,000	1,000,000
J J Langley (Non-Executive)	-	-
B A Watson	-	-

The shareholding of Mr A J Langley represents 100% of the issued share capital of the company.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as each Director is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Report (continued)

YEAR ENDED 31 DECEMBER 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Accounts in accordance with applicable law and the International Financial Reporting Standards as adopted by the European Union.

Company law requires the Directors to prepare Accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group at the end of the financial year and of the profit or loss for that period. In preparing the Accounts, suitable accounting policies have been used, applied consistently, and reasonable and prudent judgements have been made. The Directors are also responsible for maintaining adequate accounting records, that disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the Accounts comply with the Companies Act 1985, safeguarding the assets of the Company and Group, and preventing and detecting fraud and other irregularities. The Directors are also required to prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

AUDITORS

On 18 February 2008 Smith & Williamson Solomon Hare Audit LLP changed its name to Nexia Smith & Williamson Audit (Bristol) LLP trading as Nexia Smith & Williamson LLP.

A resolution to re-appoint Nexia Smith & Williamson LLP as auditors for the ensuring year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985. Nexia Smith & Williamson LLP have indicated their willingness to continue in office.

By order of the Board

B A WATSON
Company Secretary

6 February 2009

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Independent Auditors' Report to the Members
YEAR ENDED 31 DECEMBER 2008

We have audited the Group and Parent Company Accounts for the year ended 31 December 2008 which comprise the Consolidated Income Statement, Consolidated and Company Statements of Recognised Income and Expense, Consolidated and Company Balance Sheets, Consolidated and Company Cash Flow Statements and the related notes 1 to 42. These Accounts 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 auditor's 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

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the Accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

Our responsibility is to audit the Accounts 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 Accounts give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group's Accounts, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the Accounts. The information given in the Directors' Report includes information given in the Chairman's Review cross referred from the Business Review section of the Directors' Report.

We also 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 transactions with the Company and the Group is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited Accounts. This other information comprises only the Directors' Report, Key Highlights and Chairman's Review. We consider the implications for our Report if we become aware of any apparent misstatements or material inconsistencies with the Accounts. Our responsibilities do not extend to any other information within it.

Independent Auditors' Report to the Members (continued)

YEAR ENDED 31 DECEMBER 2008

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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Accounts 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 Accounts.

OPINION

In our Opinion:

- the Group Accounts give a true and fair view, in accordance with IFRs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and its profit for the year then ended;
- the Parent Company Accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008;
- the Accounts have been properly prepared in accordance with the Companies Act 1985 and as regards the Group Accounts, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Accounts.

NEXIA SMITH & WILLIAMSON LLP
Chartered Accountants and Registered Auditors
Bristol

6 February 2009

Nexia Smith & Williamson

NEXIA INTERNATIONAL
www.nexia.com

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Consolidated Income Statement
YEAR ENDED 31 DECEMBER 2008

	Note	2008 €'000	2007 €'000
REVENUE	2	512,764	493,852
Cost of sales	3	(346,681)	(347,519)
GROSS PROFIT		166,083	146,333
Net operating expenses	3	(100,494)	(92,755)
OPERATING PROFIT	5	65,589	53,578
OPERATING PROFIT BEFORE NON RECURRING ITEMS		65,589	57,631
Non recurring items	4	-	(4,053)
		65,589	53,578
Finance income	7	5,028	3,952
Finance costs	8	(424)	(795)
PROFIT BEFORE TAXATION		70,193	56,735
Income tax expense	12	(24,783)	(13,516)
PROFIT FOR THE YEAR		45,410	43,219

All of the activities of the Group are classed as continuing. Profit for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 33 to 83 form part of these accounts

Consolidated Statement of Recognised Income and Expense

YEAR ENDED 31 DECEMBER 2008

	Note	2008 €'000	2007 €'000
Actuarial (loss)/gain on defined benefit pension schemes	33	(213)	100
Deferred tax relating to gains	34	60	(25)
		(153)	75
Gain on revaluation of properties	16	-	1,827
Other deferred tax movements	34	8	65
Deferred tax on revaluation surplus	34	-	(588)
Exchange differences on translation of foreign operations		(5,678)	(5,762)
Net expense recognised directly in equity		(5,823)	(4,383)
Profit for the year	40	45,410	43,219
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		39,587	38,836

All of the recognised income and expense for the year is attributable to the Equity holder of the Parent Company.

Consolidated Balance Sheet
AS AT 31 DECEMBER 2008

		2008		2007	
	Note	**€'000**	**€'000**	**€'000**	**€'000**
NON-CURRENT ASSETS					
Intangible assets	15		3,038		3,096
Property, plant and equipment	16		51,111		55,567
Trade and other receivables	18		3,501		3,564
Deferred income tax assets	34		7,071		11,935
Income tax recoverable	19		1,439		2,607
			66,160		76,769
CURRENT ASSETS					
Inventories	20	69,044		62,013	
Trade and other receivables	22	98,733		121,972	
Cash and cash equivalents	23	150,529		106,835	
Current income tax recoverable	24	8,334		846	
		326,640		291,666	
CURRENT LIABILITIES					
Current portion of long term borrowings	29	962		3,726	
Current income tax liabilities	27	6,519		4,596	
Short term borrowings	28	9,188		7,091	
Trade and other payables	25	148,589		145,503	
Provisions	26	19,327		22,113	
		184,585		183,029	
NET CURRENT ASSETS			142,055		108,637
Total assets less current liabilities			208,215		185,406
NON-CURRENT LIABILITIES					
Provisions	26	5,475		5,166	
Long term borrowings	30	769		1,373	
Trade and other payables	31	6,002		7,255	
Retirement benefit obligations	33	9,259		8,960	
Non-current income tax liability	32	202		-	
Deferred income tax liabilities	34	6,763		6,264	
			28,470		29,018
NET ASSETS			179,745		156,388
EQUITY					
Share capital	38		163		163
Revaluation reserve	39		2,965		3,136
Retained earnings	40		176,617		153,089
TOTAL EQUITY			179,745		156,388

Approved by the Board of Directors on 6 February 2009 and signed on its behalf by

A J LANGLEY
Director . . . .

J J LANGLEY
Director . . . .

The notes on pages 33 to 83 form part of these accounts

Company Statement of Recognised Income and Expense

YEAR ENDED 31 DECEMBER 2008

	Note	2008 **€'000**	2007 **€'000**
Deferred tax on revaluation transfer	34	8	-
Exchange differences on translation of foreign operations.		630	(1,540)
Net income recognised directly in equity		638	(1,540)
(Loss)/profit for the year	40	(3,425)	5,176
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		(2,787)	3,636

Company Balance Sheet
AS AT 31 DECEMBER 2008

		2008		2007	
	Note	**€'000**	**€'000**	**€'000**	**€'000**
NON-CURRENT ASSETS					
Property, plant and equipment	16		1,855		2,444
Investments	17		5,838		7,760
			7,693		10,204
CURRENT ASSETS					
Trade and other receivables	22	14,015		30,057	
Cash and cash equivalents	23	7,950		6,973	
		21,965		37,030	
CURRENT LIABILITIES					
Trade and other payables	25	36,148		33,227	
Current portion of long term borrowings	29	681		1,143	
Current income tax payable	27	-		136	
		36,829		34,506	
NET CURRENT (LIABILITIES)/ASSETS			(14,864)		2,524
Total assets less current liabilities			(7,171)		12,728
NON-CURRENT LIABILITIES					
Long term borrowings	30	-		810	
Deferred income tax liabilities	34	85		157	
			85		967
NET (LIABILITIES)/ASSETS			(7,256)		11,761
EQUITY					
Share capital	38		163		163
Revaluation reserve	39		63		98
Retained earnings	40		(7,482)		11,500
TOTAL EQUITY			(7,256)		11,761

Approved by the Board of Directors on 6 February 2009 and signed on its behalf by

A J LANGLEY
Director . . . .

J J LANGLEY
Director . . . .

The notes on pages 33 to 83 form part of these accounts

Consolidated Cash Flow Statement

YEAR ENDED 31 DECEMBER 2008

		2008		2007	
	Note	**€'000**	**€'000**	**€'000**	**€'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	42		85,236		63,079
Bank and loan interest paid			(424)		(795)
Interest received			5,028		3,952
Income taxes paid			(23,615)		(17,470)
NET CASH FROM OPERATING ACTIVITIES			66,225		48,766
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of intangible assets		(63)		(390)	
Purchase of property, plant and equipment		(5,234)		(4,853)	
Proceeds from sale of property, plant and equipment		267		1,136	
Acquisitions in period		-		(2,557)	
NET CASH USED IN INVESTING ACTIVITIES			(5,030)		(6,664)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issue of new loans		670		115	
Repayment of amounts borrowed		(2,085)		(34)	
Net pension scheme loan repayments		(1,953)		(1,438)	
Dividends paid to the shareholder		(16,230)		(10,510)	
NET CASH USED IN FINANCING ACTIVITIES			(19,598)		(11,867)
Net increase in cash and cash equivalents			41,597		30,235
Cash and cash equivalents at 1 January 2008			99,744		69,509
Cash and cash equivalents at 31 December 2008			141,341		99,744
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	23		150,529		106,835
Bank overdraft	28		(9,188)		(7,091)
Cash total			141,341		99,744

The notes on pages 33 to 83 form part of these accounts

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Company Cash Flow Statement

YEAR ENDED 31 DECEMBER 2008

	Note	2008 €'000	2008 €'000	2007 €'000	2007 €'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations	42		20,327		(12,274)
Interest paid			(1,918)		(1,289)
Interest received			519		717
Income taxes received			-		(275)
NET CASH FROM OPERATING ACTIVITIES			18,928		(13,121)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		-		6,714	
Purchase of property, plant and equipment		(504)		(567)	
Proceeds from sale of property, plant and equipment		55		1,150	
Acquisitions in period		-		(161)	
NET CASH GENERATED IN INVESTING ACTIVITIES			(449)		7,136
CASH FLOWS FROM FINANCING ACTIVITIES					
Net pension scheme loan repayments		(1,272)		(1,438)	
Dividends paid to the shareholder		(16,230)		(10,510)	
NET CASH USED IN FINANCING ACTIVITIES			(17,502)		(11,948)
Net increase/(decrease) in cash and cash equivalents			977		(17,933)
Cash and cash equivalents at 1 January 2008			6,973		24,906
Cash and cash equivalents at 31 December 2008			7,950		6,973
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand and at bank	23		7,950		6,973

The notes on pages 33 to 83 form part of these accounts

Notes to the Accounts
YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES

a Basis of preparation

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in European Union applied in accordance with the provisions of the Companies Act 1985.

The Accounts have been prepared on a historical cost basis, except for the revaluation of property, plant and equipment.

These Accounts have been presented in Euros because the majority of the Group's trade is conducted in this currency.

No new amendments or interpretations have become effective in this financial year that are relevant to the Group's operations.
The following new standards, amendments and interpretations have been issued but are not yet effective and have not been adopted early by the Group:

- **IAS 1, Presentation of financial statements (revised)**
  This is mandatory for accounting periods beginning on or after 1 January 2009. This will change the presentation of the income statement and the equity statement.
- **IFRS 3, Business Combinations (revised)**
  This is mandatory for accounting periods beginning on or after 1 July 2009. This has revised several significant areas in accounting for acquisitions. The Group is presently reviewing the impact of this on the presentation of the accounts.
- **IAS 27, Consolidation and Separate Financial Statements (amended)**
  This is mandatory for accounting periods beginning on or after 1 July 2009. This has revised the accounting for changes in the parent's ownership interest in a subsidiary following the revision to IFRS 3 (see above).

The following new standards, amendments and interpretations have been issued but are not yet effective and are not expected to be relevant to the Group's operations:

- IFRS 8, Operating segments. This is not mandatory for non listed companies and the Group does not intend to adopt this standard.

The Group does not consider that any other Standards or Interpretations in issue but not yet applicable, will have a significant impact on its Accounts.

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

b Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings, for the year ended 31 December 2008 using the purchase method and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition. Any excess or deficiency between the cost of acquisition and fair value is treated as positive or negative goodwill as described below. Where subsidiary undertakings are acquired or disposed of during the year, the results and turnover are included in the Consolidated Income Statement from, or up to, the date control passes.

The Company has taken advantage of the exemption granted by S230(3) of the Companies Act 1985 from presenting its own Income Statement (note 14).

c Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is recognised as an asset at cost and reviewed for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not reversed in subsequent years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is credited to the Consolidated Income Statement in the year of acquisition.

d Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceed its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The amortisation charged on those intangible assets that do not have an indefinite useful life is calculated as follows:

Patents and licenses - 2–10 years

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

e Property, plant and equipment

Property, plant and equipment are stated at cost of purchase or valuation, net of depreciation and any impairment provision.

Freehold land	-	not depreciated
Freehold buildings	-	50 years straight line
Vehicles	-	4 to 10 years straight line
Plant and machinery	-	4 to 20 years straight line
Computers	-	3 to 8 years straight line

Revaluations of land and buildings are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

f Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Borrowings

Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for on an accrual basis in the Income Statement using the effective interest method.

Trade payables

Trade payables are non-interest bearing and are stated at their nominal value.

g Investments

Investments represent the Parent Company's holdings in its subsidiaries and are presented as non-current assets and stated at cost less any impairment in value. Any impairment is charged to the Consolidated Income Statement.

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

h Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and consumables	-	cost of purchase on first in, first out basis.
Finished goods	-	cost of raw materials and labour together with attributable overheads.
Work in progress	-	contract costs in connection with future activity, being cost of raw materials.
Property for resale	-	cost of raw materials and labour together with attributable overheads.

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

i Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'percentage of completion method' to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to either the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract, or by reference to milestone conditions as defined in the contracts, as appropriate to the circumstances of the particular contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion, and are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

j Taxes

Tax expense represents the sum of the income tax currently payable and deferred income tax. Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the Accounts. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

k Foreign currencies

(a) Transactions and balances

Transactions in currencies other than Euros are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(b) Accounts of overseas operations

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to a separate component of equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

l Revenue recognition

Revenue from sales of goods is recognised when the Group has delivered the products and the customer has accepted them, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see i above).

m Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks and similar financial institutions with a maturity of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Consolidated Balance Sheet.

n Pension obligations

Group companies operate various pension schemes that are funded and unfunded. The funded schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The surplus or liability recognised in the Consolidated Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

n Pension obligations (continued)

Actuarial gains and losses arising are recognised in full in the period in which they occur in the Consolidated Statement of Recognised Income and Expense.

For defined contribution plans, contributions are recognised as an employee benefit expense when they are due.

o Leased assets

All leases are treated as "operating leases" and the relevant annual rentals are charged to the Consolidated Income Statement on a straight line basis over the lease term.

p Government grants

Government grants received to fund training of employees are credited to the Consolidated Income Statement in the period received.

q Dividend policy

Dividend distribution to the Company's Shareholder is recognised as a liability in the Group's Accounts in the period in which the dividends are approved by the Company's Shareholder.

r Key assumptions and significant judgements

The preparation of the Accounts in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Accounts. The areas where the most judgement is required are highlighted below:

i Pensions

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 11 for further details.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

r Key assumptions and significant judgements (continued)

ii Property, plant and equipment

The property, plant and equipment used in the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years, and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset. Asset lives are reviewed regularly and changed where necessary to reflect the current view on their remaining lives in light of the technological change, prospective economic utilisation and the physical condition of the assets.

iii Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

iv Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 12 and 34 for further information.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

2 REVENUE

An analysis of the Group's revenue between each significant category is as follows:

	2008	2007
	€'000	**€'000**
Revenue from construction contracts	146,429	147,631
Sales of goods	366,335	346,221
	512,764	493,852

3 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	2008	2007
	€'000	**€'000**
Cost of sales	346,681	347,519
Distribution costs	20,343	20,046
Administrative expenses	82,094	73,280
Non-recurring items (note 4)	-	4,053
Other operating income (note 6)	(1,943)	(4,624)
Net operating expenses	100,494	92,755

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

4 NON-RECURRING ITEMS

The non-recurring expense of €4,053,000 in the year ended 31 December 2007 relates to expenses of €1,434,000 in respect of reorganisation of Bradman Lake Limited and €3,723,000 in respect of redundancies in ARO Welding Technologies SAS following the acquisition on 10 December 2006 and negative goodwill of €1,104,000 arising on the acquisition of the Bradman Lake Group.

5 OPERATING PROFIT

		2008	2007
		€'000	**€'000**
Operating profit has been arrived at after charging:			
Directors' emoluments (note 9)		999	1,108
Depreciation of owned assets (note 16)		7,795	6,931
Impairment of intangibles (note 15)		193	265
Impairment of property, plant and equipment (note 16)		-	46
Research and development costs		6,173	5,760
Loss on sale of property, plant and equipment		23	45
Auditors' remuneration			
	- the auditing of parent company and consolidated accounts of associates pursuant to legislation	95	88
	- the auditing of subsidiary accounts pursuant to legislation	621	418
	- other services relating to corporate finance	11	177
	- other services relating to taxation	366	120
	- all other services	37	40
Operating leases	- land and buildings	2,718	2,940
	- other	682	812
Impairment of trade receivables		415	431
Cost of inventories recognised as an expense (included in cost of sales)		214,809	229,000
Write down of inventories		2,814	3,459
Net loss on foreign currency translation		2,795	870
And after crediting:			
Profit on sale of property, plant and equipment		33	79

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

6 OTHER OPERATING INCOME

	2008	2007
	€'000	**€'000**
Royalties receivable	13	185
Public grants	98	264
Gains from receivables written down	-	397
Insurance refunds	187	-
Other income	1,645	3,778
	1,943	4,624

7 FINANCE INCOME

	2008	2007
	€'000	**€'000**
Bank interest receivable	4,855	3,730
Other interest receivable	173	222
	5,028	3,952

8 FINANCE COSTS

	2008	2007
	€'000	**€'000**
Interest payable on bank borrowings repayable within five years	111	250
Pension scheme loan interest	79	241
Other interest	234	304
	424	795

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

9 KEY MANAGEMENT PERSONNEL COMPENSATION

	2008	2007
	€'000	**€'000**
Salaries and short-term employee benefits	986	1,099
Post-employment benefits	13	9
	999	1,108

All of the above key management personnel compensation relates to Directors:

Directors' emoluments

	2008	2007
	€'000	**€'000**
Aggregate emoluments as Directors of the Company	986	1,099
Value of Group pension contributions to money purchase schemes	13	9
	999	1,108
Emoluments of the highest paid Director	602	719
	No.	**No.**
Number of Directors who are accruing benefits under money purchase pension schemes	2	2

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

10 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2008	2007
	No	**No**
Management, office and sales	1,053	1,092
Manufacturing and direct labour	1,346	1,307
	2,399	2,399

The aggregate payroll costs of these persons were as follows:

	2008	2007
	€'000	**€'000**
Wages and salaries	110,749	105,369
Social security costs	21,814	21,942
Other pension costs	1,509	107
	134,072	127,418

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES

(a) Pension schemes operated

The Group operates four pension schemes in the United Kingdom: a self administered scheme for A J Langley and J J Langley; a scheme which provides defined benefits for certain employees of Piller (UK) Limited ("the defined benefits scheme"); a scheme which provides defined benefits in respect of pre 1 April 1991 service and defined contribution benefits in respect of post 1 April 1991 service (the "hybrid scheme") for certain employees in the 'Jenkins Newell Dunford Group of Companies' and 'Clarke Chapman Group of Companies', and a defined contribution scheme for certain other employees within these 'groups'. The Group contributed to other personal defined contribution schemes of various employees.

There were no contributions to the A J Langley and J J Langley scheme but the scheme received income from the Group of €154,000 (2007 - €285,000) from rental and interest on loans to the Group. These payments were at market rate.

The total cost charged to income includes €91,000 (2007 - €199,000) representing contributions payable to the defined contribution schemes and the defined contribution section of the hybrid scheme by the Group at rates specified in the rules of the scheme. As at 31 December 2008, contributions of € nil (2007 - € nil) due in respect of the current reporting period had not been paid over to the scheme.

The Group operates overseas pension schemes which are unfunded defined benefits schemes ("the unfunded schemes") for certain employees of Claudius Peters Technologies GmbH, Claudius Peters Technologies SA, ARO GmbH and ARO SAS.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes

The amounts recognised in the Income Statement are as follows

	2008	2007
	€'000	**€'000**
Current service cost	167	152
Interest cost on benefit obligations	577	623
Group life premiums	22	17
Expected return on schemes assets	(630)	(687)
Net benefit expense (included in staff costs)	136	105

	2008	2007
	€'000	**€'000**
Actual return on schemes' assets	(1,222)	362

The amounts recognised in the Balance Sheet are as follows:

	2008	2007
	€'000	**€'000**
Present value of funded obligations	(7,488)	(10,705)
Fair value of schemes assets	7,551	11,283
Net asset	63	578
Surplus not recoverable	(144)	(196)
Net actuarial losses unrecognised by pension scheme	(201)	(517)
UK Defined Benefit Scheme retirement benefit obligation (note 33)	(282)	(135)
Cumulative amount of actuarial losses recognised in the Statement of Recognised Income and Expense	473	195

LANGLEY

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

Changes in the present value of the funded defined benefit obligations are as follows

	2008	2007
	€'000	**€'000**
Opening defined benefit obligations	(10,705)	(12,106)
Current service cost	(167)	(152)
Interest cost	(577)	(623)
Actuarial gains	1,270	1,004
Employee contributions	(108)	(119)
National Insurance rebates	(39)	(44)
Benefits paid	309	304
Exchange differences	2,529	1,031
Closing defined benefit obligations	(7,488)	(10,705)

	2008	2007
	€'000	**€'000**
Obligations in defined benefits scheme	(5,963)	(8,749)
Obligations in hybrid scheme	(1,726)	(2,473)
Net actuarial loss unrecognised by scheme	201	517
	(7,488)	(10,705)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

Changes in the fair value of schemes' assets are as follows

	2008	2007
	€'000	**€'000**
Opening fair value of schemes' assets	11,283	11,896
Expected return on assets	630	687
Actuarial losses	(1,851)	(325)
Contributions by employees	108	119
Contributions by employers	305	293
Group life premiums	(22)	(17)
Benefits paid	(309)	(304)
Exchange differences	(2,593)	(1,066)
Closing fair value of schemes' assets	7,551	11,283

	2008	2007
	€'000	**€'000**
Fair value of assets in defined benefits scheme	5,906	8,614
Fair value of assets in hybrid scheme	1,645	2,669
	7,551	11,283

The Group expects to contribute €225,000 to the defined benefit pension scheme and the defined benefit section of the hybrid scheme in 2009.

The major categories of the scheme assets as a percentage of the fair value of total scheme assets are as follows:

	2008	2007
Equity instruments	28.3%	33.4%
Diversified growth fund	16.3%	18.2%
Debt instruments	31.0%	28.4%
Gilts	20.5%	16.0%
Other	4.0%	4.0%

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

The principal assumptions used in determining the funded pension benefit obligations for the Group's schemes are shown below:

	Defined benefits scheme 2008	Hybrid scheme 2008	Defined benefits scheme 2007	Hybrid scheme 2007
Discount rate	6.4%	6.4%	5.9%	5.8%
Expected rate of return on assets				
- equity investments	7.3%	4.7%	7.7%	5.6%
- diversified growth fund	7.3%	-	7.7%	-
- debt investments	6.4%	2.7%	5.9%	3.6%
- gilts	4.0%	-	4.5%	-
- other	1.5%	2.7%	5.0%	3.6%
- weighted average	6.1%	3.8%	6.5%	4.9%
Future salary increases	4.4%	4.1%	4.9%	4.5%
Price inflation	2.9%	3.1%	3.4%	3.5%
Future pension increases:				
Overall increase	-	3.1%	-	3.5%
Guaranteed minimum pensions	2.4%	-	2.6%	-
1995 to 2005 excess over guaranteed minimum pensions	2.1%	-	3.3%	-
Post 2005 pensions	2.1%	-	2.3%	-

UK mortality assumptions

The mortality trends of both the defined benefits scheme and the hybrid scheme were assessed at 31 December 2008 by the respective actuaries using the mortality tables PA92 with medium cohort improvement. These tables are based on actual life expectancy experienced by life assurers who sold annuities between 1991 and 1994 with some improvement in life expectancy factored into the tables. The Directors consider that, statistically, this table gives the best indication of the life expectancy of pension scheme members taking into account their employment history, lifestyle and job location.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

UK mortality assumptions (continued)

The mortality assumptions adopted imply the following life expectancies:

		2008 In years	2007 In years
Retiring at 65 at reporting date	- male	22	22
	- female	25	25
Retiring at 65 at reporting date + 25 years	- male	23	23
	- female	26	26

Expected rates of return on the schemes' assets are based on consistent assumptions with the previous year adjusted to reflect changes in market conditions since that date.

Defined benefits scheme

Amounts for the current and previous periods are as follows:

	2008 **€'000**	2007 **€'000**	2006 **€'000**	2005 **€'000**	2004 **€'000**
Defined benefit obligation	(5,963)	(8,749)	(9,270)	(8,595)	(6,991)
Scheme assets	5,906	8,614	9,020	8,284	6,679
Deficit	(57)	(135)	(250)	(311)	(312)
Experience adjustments on scheme liabilities	(1,042)	(731)	(133)	-	7
Experience adjustments on scheme assets	(1,271)	(294)	(28)	844	149

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(b) United Kingdom funded defined benefits schemes (continued)

Hybrid scheme

Amounts for the current and previous periods are as follows:

	2008 €'000	2007 €'000	2006 €'000	2005 €'000	2004 €'000
Defined benefit obligation	(1,726)	(2,473)	(2,955)	(2,713)	(2,328)
Scheme assets	1,645	2,669	2,876	1,528	1,082
Surplus/(deficit)	(81)	196	(79)	(1,185)	(1,246)
Experience adjustments on scheme liabilities	(228)	(274)	106	3	68
Experience adjustments on scheme assets	(580)	(31)	89	93	35

(c) Overseas unfunded defined benefits schemes

The amounts recognised in the Income Statement are as follows:

	2008 €'000	2007 €'000
Benefit expense (included in staff costs)	(872)	(1,132)

	2008 €'000	2007 €'000
Opening defined benefit obligations	(8,825)	(10,077)
Utilised in year	39	38
Provided in year	(288)	-
Released in year	-	1,132
Reclassification	-	-
Other movement	77	91
Exchange rate adjustments	20	(9)
Closing defined benefit obligations (note 33)	(8,977)	(8,825)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

11 RETIREMENT BENEFIT SCHEMES (continued)

(c) Overseas unfunded defined benefits schemes (continued)

The principal assumptions used in determining the pension benefit obligations for the unfunded scheme are shown below:

	Claudius Peters Group Scheme	
	2008	2007
Discount rate	6.00%	5.20%
Future salary and pension increases	2.25%	2.00%
Future pension increases: guaranteed rate for certain members	3.00%	3.00%

The obligations for the ARO Group scheme were determined using a discount rate of 3.38% (2007 – 5.0% and 5.2%).

Amounts for the current and previous four periods are as follows:

	2008	2007	2006	2005	2004
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Defined benefit obligation	(8,977)	(8,825)	(10,077)	(8,313)	(8,259)

(d) Reconciliation to Balance Sheet

Note 33 contains a reconciliation of the retirement obligations to the Balance Sheet.

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

12 INCOME TAX EXPENSE

(a) Charge for the year

	2008 €'000	2007 €'000
Current income tax:		
UK corporation tax at 28% (2007 – 30%)	3,000	4,329
Overseas tax	15,968	8,709
Adjustments to prior year UK tax	(70)	155
Adjustments to prior year overseas tax	546	(184)
Total current taxation	19,444	13,009
Deferred income tax:		
Movement in overseas deferred tax	5,381	(76)
Movement in UK deferred tax	(42)	627
Adjustments to prior year UK deferred tax	-	(44)
Total deferred taxation	5,339	507
Income tax expense	24,783	13,516

(b) Factors affecting tax expense

	2008 €'000	2007 €'000
Profit before taxation	70,193	56,735
Profit before taxation multiplied by the standard rate of tax of 28% (2007 - 30%)	19,654	17,021
Depreciation in excess of capital allowances	348	118
Expenses not deductible for tax purposes	1,346	(114)
Timing differences	(1,343)	67
Income not taxable	88	(275)
Consolidation adjustment not taxable including negative goodwill	-	(64)
Provision adjustment	(17)	(1,627)
Foreign tax rate adjustments	3,395	1,583
Utilisation of losses brought forward	501	(3,039)
Losses carried forward	76	404
Exchange adjustment	259	(529)
Adjustment to tax charge in previous period	476	(29)
Tax expense (note 12a)	24,783	13,516

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

12 INCOME TAX EXPENSE (continued

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €14,000,000 at 31 December 2008 (2007 - €7,737,000) available for carry forward against future trading profits. In addition the Claudius Peters GmbH Group had overseas tax losses of approximately €3,844,000 at 31 December 2008 (2007 - €3,910,000) available for carry forward against future trading profits of that Group, and Piller Group had overseas tax losses of approximately €6,497,000 at 31 December 2008 (2007 - €21,513,000) available for carry forward against future trading profits of that Group.

The ARO Group had overseas tax losses of approximately €743,000 at 31 December 2008 (2007 - €1,327,000) available for carry forward against future trading profits of that Group.

13 DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2008	2007
	€'000	**€'000**
Interim: paid of €16.23 per share (2007 - €10.51 per share)	16,230	10,510

No final dividend has been proposed.

14 COMPANY PROFIT

The Company has taken advantage of the exemption granted by Section 230(3) of the Companies Act 1985 whereby no individual Income Statement of the Company is disclosed. The Company's loss for the financial year amounted to €3,425,000 (2007 – Profit €5,176,000).

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

15 INTANGIBLE ASSETS

GROUP

	Positive Goodwill €'000	Patents and Licences €'000	Total €'000
Cost			
At 1 January 2008	1,948	2,771	4,719
Addition	-	63	63
Disposal	-	(307)	(307)
Exchange adjustment	-	195	195
At 31 December 2008	1,948	2,722	4,670
Aggregate impairment and amortisation			
At 1 January 2008	-	1,623	1,623
On disposal	-	(307)	(307)
Amortisation charge for the year	-	193	193
Exchange adjustment	-	123	123
At 31 December 2008	-	1,632	1,632
Net book values			
At 31 December 2008	1,948	1,090	3,038
At 31 December 2007	1,948	1,148	3,096
Cost			
At 1 January 2007	2,134	2,927	5,061
Addition	-	390	390
Reclassification	-	(16)	(16)
Exchange adjustment	(186)	(530)	(716)
At 31 December 2007	1,948	2,771	4,719
Aggregate impairment and amortisation			
At 1 January 2007	-	1,718	1,718
Reclassification	-	(25)	(25)
Amortisation charge for the year	-	265	265
Exchange adjustment	-	(335)	(335)
At 31 December 2007	-	1,623	1,623
Net book values			
At 31 December 2007	1,948	1,148	3,096
At 31 December 2006	2,134	1,209	3,343

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

16 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land & buildings €'000	Leasehold improvements €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation						
At 1 January 2008	54,591	203	69,538	9,414	18,019	151,765
Additions	141	-	3,163	1,212	718	5,234
Disposals	-	(153)	(1,631)	(524)	(2,699)	(5,007)
Reclassification	(24)	-	23	-	(2)	(3)
Exchange adjustments	(294)	(50)	(837)	(1,772)	(363)	(3,316)
At 31 December 2008	54,414	-	70,256	8,330	15,673	148,673
Depreciation						
At 1 January 2008	26,034	203	51,593	2,889	15,479	96,198
Charge for the year	1,098	-	4,103	1,376	1,218	7,795
Disposals	-	(153)	(1,514)	(401)	(2,671)	(4,739)
Reclassification	(4)	-	(48)	-	50	(2)
Exchange adjustments	(20)	(50)	(596)	(663)	(361)	(1,690)
At 31 December 2008	27,108	-	53,538	3,201	13,715	97,562
Net book amounts						
At 31 December 2008	27,306	-	16,718	5,129	1,958	51,111
At 31 December 2007	28,557	-	17,945	6,525	2,540	55,567

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

16 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP (continued)

	Freehold land & buildings €'000	Leasehold improvements €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation						
At 1 January 2007	53,619	223	69,424	8,980	17,508	149,754
Additions	-	-	1,595	1,830	1,428	4,853
Disposals	(1,338)	-	(1,614)	(403)	(731)	(4,086)
Revaluation	1,827	-	-	-	-	1,827
On acquisition of subsidiary	642	-	841	29	174	1,686
Reclassification	-	-	112	7	15	134
Exchange adjustments	(159)	(20)	(820)	(1,029)	(375)	(2,403)
At 31 December 2007	54,591	203	69,538	9,414	18,019	151,765
Depreciation						
At 1 January 2007	25,437	223	49,578	2,450	15,410	93,098
Charge for the year	812	-	3,759	1,321	1,039	6,931
Disposals	(255)	-	(1,558)	(362)	(730)	(2,905)
On acquisition of subsidiary	55	-	247	16	101	419
Impairment	-	-	46	-	-	46
Reclassification	-	-	(16)	(5)	1	(20)
Exchange adjustments	(15)	(20)	(463)	(531)	(342)	(1,371)
At 31 December 2007	26,034	203	51,593	2,889	15,479	96,198
Net book amounts						
At 31 December 2007	28,557	-	17,945	6,525	2,540	55,567
At 31 December 2006	28,182	-	19,846	6,530	2,098	56,656

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

16 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2008	652	2,466	1,630	1,135	5,883
Additions	134	69	272	29	504
Disposals	-	(18)	(174)	(524)	(716)
Foreign currency exchange differences	(161)	(611)	(405)	(281)	(1,458)
At 31 December 2008	625	1,906	1,323	359	4,213
Depreciation					
At 1 January 2008	-	1,719	619	1,101	3,439
Disposals	-	(14)	(128)	(522)	(664)
Charge for the year	-	155	315	58	528
Foreign currency exchange differences	-	(453)	(209)	(283)	(945)
At 31 December 2008	-	1,407	597	354	2,358
Net book amounts					
At 31 December 2008	625	499	726	5	1,855
At 31 December 2007	652	747	1,011	34	2,444

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

16 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY (continued)

	Freehold land & buildings €'000	Plant and machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2007	1,800	3,033	1,479	1,236	7,548
Additions	-	22	537	8	567
Disposals	(1,061)	(346)	(238)	-	(1,645)
Foreign currency exchange differences	(87)	(243)	(148)	(109)	(587)
At 31 December 2007	652	2,466	1,630	1,135	5,883
Depreciation					
At 1 January 2007	-	2,010	606	1,129	3,745
Disposals	-	(310)	(220)	-	(530)
Charge for the year	-	186	290	75	551
Foreign currency exchange differences	-	(167)	(57)	(103)	(327)
At 31 December 2007	-	1,719	619	1,101	3,439
Net book amounts					
At 31 December 2007	652	747	1,011	34	2,444
At 31 December 2006	1,800	1,023	873	107	3,803

The gross value of land and buildings and plant and machinery is stated at:

	Group 2008 €'000	Group 2007 €'000	Company 2008 €'000	Company 2007 €'000
Freehold land and buildings				
Existing use open market value 2007	4,392	4,392	-	-
Existing use open market value 2006	6,800	6,800	-	-
Existing use open market value 2004	471	626	471	626
Existing use open market value 2002	1,524	1,524	-	-
Cost	41,227	41,249	154	26
	54,414	54,591	625	652
Plant and machinery				
Existing use value 1998	551	1,032	551	732
Existing use value 2000	1,138	1,513	1,138	1,513
Cost	68,567	66,993	217	221
	70,256	69,538	1,906	2,466

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

16 PROPERTY, PLANT AND EQUIPMENT (continued)

All other assets are stated at historical cost.

If these assets had not been revalued they would have been included at the following historical cost amounts:

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Freehold land and buildings				
Cost	51,972	52,087	412	366
Aggregate depreciation	26,033	25,205	-	-
Plant and machinery				
Cost	73,380	73,067	2,758	3,600
Aggregate depreciation	54,484	52,833	1,686	2,114

Revaluation of non-current assets

At 31 December 2007, the land and buildings at ARO Welding Technologies SAS were revalued by Expertises Galtier, Chartered Surveyors to €4,860,000 with a surplus of €1,827,000 included in the revaluation reserve.

At 31 December 2006, the property at Buxtehude was revalued by Angermann Property Consultants GmbH, Chartered Surveyors, to €6,800,000 with a surplus of €588,000 included in the revaluation reserve.

Capital commitments

The Group had capital commitments of €4,549,000 at 31 December 2008 (2007 - €470,000) which were authorised and contracted for.

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

17 NON-CURRENT INVESTMENTS

	Company Shares in group undertakings **€'000**
COST	
At 1 January 2008	7,760
Exchange adjustment	(1,922)
At 31 December 2008	5,838
Carrying amount	
At 31 December 2008	5,838
At 31 December 2007	7,760

	Company Shares in group undertakings **€'000**
COST	
At 1 January 2007	8,335
Additions	161
Exchange adjustment	(736)
At 31 December 2007	7,760
Carrying amount	
At 31 December 2007	7,760
At 31 December 2006	8,335

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

17 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2008.

Company	**Country of Registration**	**Principal Activity**
The Clarke Chapman Group Limited	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment.
Clarke Chapman Aftermarket Limited	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment.
JND Technologies Limited	England	Design, manufacture and refurbishment of process plant, road tankers and cementitious grouts.
Langley Homes Limited	England	House builders.
Claudius Peters Group GmbH	Germany	Parent company (see below).
Pressure Engineering International Limited	England	Manufacture of process plant and equipment, steel structures, heat exchangers, tankage and pressure vessels.
Sail Cruising Limited	Antigua	Yacht charter.
Langley Aviation Limited	England	Aircraft transport.
ARO Welding Technologies SAS	France	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies Inc	United States of America	
Bradman Lake Group Limited	England	Dormant holding company.

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

17 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries at 31 December 2008 of ARO Welding Technologies SAS.

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB	Sweden	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
AROWeldingTechnologies SA de CV	Mexico	
ARO Welding Technologies SAU	Spain	
ARO Welding Technologies Limited	England	
ARO Welding Technologies SA-NV	Belgium	
ARO Welding Technologies s.r.o	Slovak Republic	
ARO Welding Technologies GmbH	Germany	
ARO Welding Technologies (Wuhan) Ltd	China	

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Group GmbH at 31 December 2008 and are registered as indicated:

Company	Country of Registration	Principal Activity
Claudius Peters Technologies GmbH	Germany	All of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment. Claudius Peters Technologies GmbH is also involved in aerospace components manufacture.
Claudius Peters Projects GmbH	Germany	
Claudius Peters Technologies SA	France	
Claudius Peters (Italiana) srl	Italy	
Claudius Peters (Iberica) SA	Spain	
Claudius Peters (China) Limited	Hong Kong	
Claudius Peters (Asia Pacific) Pte. Limited	Singapore	
Claudius Peters (UK) Limited	England	
Claudius Peters (Americas) Inc	United States of America	
Claudius Peters (do Brasil) Ltda	Brazil	
Claudius Peters (Romania) srl	Romania	
Claudius Peters (Beijing) Machinery Services Limited	China	
Claudius Peters (India) Pvt. Limited	India	

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

17 NON-CURRENT INVESTMENTS (continued)

The following companies are wholly owned unlisted trading subsidiaries of Claudius Peters Technologies GmbH, at 31 December 2008 and are registered as indicated:

Company	Country of Registration	Principal Activity
Piller Power Systems GmbH	Germany	See below
Piller Dynasine GmbH	Germany	

The following companies are wholly owed unlisted trading subsidiaries of Piller Power Systems GmbH, at 31 December 2008 and are registered as indicated:

Company	Country of Registration	Principal Activity
Piller Australia Pty Limited	Australia	All of the companies are involved in producing electrical machinery, specialising in high capacity uninterruptible power supply (UPS) systems. The Group is also involved in the production of converters for aircraft ground power and naval military applications.
Piller France SAS	France	
Piller Inc	United States of America	
Piller (UK) Limited	England	
Piller Italia srl	Italy	
Piller Iberica SL	Spain	

The following companies are wholly owned unlisted trading subsidiaries of The Clarke Chapman Group Limited at 31 December 2008:

Company	Country of Registration	Principal Activity
Clarke Chapman Manufacturing Limited	England	Provision of manufacturing services.
Clarke Chapman Engineering Services Limited	Ireland	Provision of facilities management services.
Clarke Chapman Facilities Management Limited	England	Provision of facilities management services.
Clarke Chapman Machining Limited	England	Provision of machining services.

The following companies are wholly owned unlisted trading subsidiaries of Bradman Lake Group Limited, at 31 December 2008 and are registered as indicated:

Company	Country of Registration	Principal Activity
Bradman Lake Limited	England	All of the companies are involved in the design and manufacture of packaging equipment.
Bradman Lake Inc	United States of America	

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

18 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group 2008 €'000	Group 2007 €'000
Other receivables	1,260	1,079
VAT recoverable	181	24
Pension Scheme prepayment	2,060	2,461
	3,501	3,564

19 NON-CURRENT INCOME TAX RECOVERABLE

	Group 2008 €'000	Group 2007 €'000
Income tax	1,439	2,607

20 INVENTORIES

	Group 2008 €'000	Group 2007 €'000
Raw materials	30,420	27,378
Work in progress	26,861	24,392
Finished goods	11,763	11,170
Prepayments received from customers	-	(927)
	69,044	62,013

21 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the balance sheet date:

	Group 2008 €'000	Group 2007 €'000
Amounts due from contract customers included in trade and other receivables (note 22)	14,385	16,691
Amounts due to contract customers included in trade and other payables (note 25)	(692)	(2,344)
	13,693	14,347
Contract costs incurred plus recognised profit less recognised losses to date.	97,609	114,915
Less: Progress billings	(83,916)	(100,568)
	13,693	14,347

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

22 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	63,477	83,146	45	10
Retentions	3,943	4,404	-	-
Amounts recoverable on construction contracts	14,385	16,691	-	-
Amounts owed by Group undertakings	-	-	13,210	29,194
Other receivables	12,075	6,189	675	737
VAT recoverable	2,856	2,869	63	84
Prepayments and accrued income	1,997	8,673	22	32
	98,733	121,972	14,015	30,057

For terms and conditions relating to related party receivables, refer to note 37.

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Balance at beginning of the year	2,103	2,490	-	-
Exchange differences	(7)	(8)	-	-
Charge for the year	519	62	-	-
Amounts written off	-	(8)	-	-
Unused amounts reversed	(37)	(433)	-	-
Balance at end of the year	2,578	2,103	-	-

Trade receivables are non-interest bearing and are generally on 30 – 90 days terms.

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Past due but not impaired				
	<30 days	31-60 days	61-90 days	91-120 days	>121 days
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
2008	10,656	8,315	1,074	1,822	50
2007	16,200	4,625	2,635	3,068	363

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Cash in hand and at bank in current accounts	150,529	106,835	7,950	6,973

24 CURRENT INCOME TAX RECOVERABLE

	Group	
	2008	2007
	€'000	**€'000**
Income tax	8,334	846

25 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Trade payables	32,579	28,817	116	215
Other payables	8,766	6,899	56	88
Other taxes and social security	3,588	4,440	48	67
Accruals and deferred income	41,187	51,498	122	117
VAT payable	2,385	2,583	-	-
Directors' current accounts (see note 37)	97	39	97	39
Amounts owed to Group undertakings	-	-	35,709	32,701
Payments on account	59,295	48,883	-	-
Amounts due on construction contracts	692	2,344	-	-
	148,589	145,503	36,148	33,227

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

26 PROVISIONS

Group

	Warranty Provision **€'000**	Other Provision **€'000**	Total **€'000**
Balance at 1 January 2008	22,722	4,557	27,279
Additional provision recognised	6,772	4,025	10,797
Provision utilised during the year	(6,797)	(3,315)	(10,112)
Provision release to profit and loss during year	(2,871)	(154)	(3,025)
Foreign exchange difference	56	(193)	(137)
Balance at 31 December 2008	19,882	4,920	24,802
Current	14,660	4,667	19,327
Non-current	5,222	253	5,475

	Warranty Provision **€'000**	Other Provision **€'000**	Total **€'000**
Balance at 1 January 2007	12,187	1,935	14,122
Additional provision recognised	16,559	3,861	20,420
Provision utilised during the year	(4,105)	(1,004)	(5,109)
Provision release to profit and loss during year	(1,919)	(78)	(1,997)
Foreign exchange difference	-	(157)	(157)
Balance at 31 December 2007	22,722	4,557	27,279
Current	17,851	4,262	22,113
Non-current	4,871	295	5,166

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. There were no provisions in the Company.

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

27 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Income tax	6,519	4,596	-	136

28 SHORT TERM BORROWINGS

	Group	
	2008	2007
	€'000	**€'000**
Bank overdraft	9,188	7,091

The borrowings are repayable as follows:

	Group	
	2008	2007
	€'000	**€'000**
On demand or within one year	9,188	7,091

The overdraft facilities of the UK Group companies are secured by various debentures in favour of Barclays Bank plc, and fixed charges over various development sites.

29 CURRENT PORTION OF LONG TERM BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Bank loans	281	2,572	-	-
Other loans	-	11	-	-
Pension scheme loans	681	1,143	681	1,143
	962	3,726	681	1,143

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

30 LONG TERM BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Bank loans	1,050	3,135	-	-
Other loans	-	11	-	-
Pension scheme loans	681	1,953	681	1,953
	1,731	5,099	681	1,953
Due within one year (included in current liabilities)	(962)	(3,726)	(681)	(1,143)
	769	1,373	-	810
Amounts payable:				
between one and two years	197	879	-	810
between two and five years	387	227	-	-
After five years	185	267	-	-
	769	1,373	-	810

The pension scheme loans totalling €681,000 (2007 - €1,953,000) from the A J Langley Executive Pension Scheme are all loaned to the Parent Company and carry interest at 3% per annum above the base lending rate of Lloyds TSB Bank plc. The loans are secured by a debenture and also a legal mortgage over various freehold premises of the Company. The loans have been guaranteed by various subsidiary undertakings.

As loans are at variable rates of interest, the fair value of the loans are approximately equivalent to the book value disclosed above. Interest was charged at 2.89% to 4.55% (2007 – 3.80% to 5.22%) on those loans during the year.

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

31 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2008	2007
	€'000	**€'000**
Trade payables	792	392
Other creditors	239	696
Accruals and deferred income	4,971	6,167
	6,002	7,255

32 NON-CURRENT INCOME TAX LIABILITY

	Group	
	2008	2007
	€'000	**€'000**
Income tax	202	-

33 RETIREMENT BENEFIT OBLIGATIONS

GROUP

	2008	2007
	€'000	**€'000**
At 1 January 2008	8,960	10,406
Utilised in year	(39)	(21)
Total expense charged in the Income Statement in the year	243	(1,158)
Transfer direct to equity on actuarial loss	213	(100)
Contributions paid	(85)	(58)
Other movements	(77)	(93)
Exchange differences	44	(16)
At 31 December 2008	9,259	8,960
UK Defined Benefit Schemes (note 11(b))	282	135
Overseas Unfunded Refined Benefit Obligations (note 11(c))	8,977	8,825
Retirement benefit obligation in balance sheet	9,259	8,960

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

34 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

	Group		**Company**	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
Deferred tax assets	(7,071)	(11,935)	-	-
Deferred tax liabilities	6,763	6,264	85	157
	(308)	(5,671)	85	157

The gross movement on the deferred income tax account is as follows:

	Group		**Company**	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2008	(5,671)	(6,918)	157	218
On revaluation in year charged to equity	-	588	-	-
Transfer to revaluation reserve	(8)	-	(8)	-
Exchange differences	92	192	(39)	(19)
Income Statement charge/(credit) (note 12)	5,339	507	(25)	(42)
Other equity movements	-	(65)	-	-
Release (to)/from equity on actuarial loss	(60)	25	-	-
At 31 December 2008	(308)	(5,671)	85	157

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

34 DEFERRED INCOME TAX (continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

GROUP

	Accelerated tax depreciation	Tax losses	Other short term timing differences	Retirement benefit obligations	Fair value gains	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2007	2,384	(9,073)	(1,483)	(502)	1,756	(6,918)
Charge to income	(598)	2,289	(664)	362	(882)	507
Release to equity on actuarial loss	-	-	-	25	-	25
Other equity movements	-	-	-	(65)	-	(65)
Charge to equity on revaluation	-	-	-	-	588	588
Exchange differences	(86)	223	70	6	(21)	192
Reclassification	828	-	-	-	(828)	-
At 31 December 2007	2,528	(6,561)	(2,077)	(174)	613	(5,671)
Charge to income	1,163	3,723	473	(136)	116	5,339
Release to equity on actuarial loss	-	-	-	(60)	-	(60)
Charge to equity on revaluation	-	-	-	-	(8)	(8)
Exchange differences	(893)	687	388	91	(181)	92
At 31 December 2008	2,798	(2,151)	(1,216)	(279)	540	(308)

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

34 DEFERRED INCOME TAX (continued)

COMPANY

	Fair value gains	Total
	€'000	**€'000**
At 1 January 2007	218	218
Charge to income	(42)	(42)
Exchange differences	(19)	(19)
At 31 December 2007	157	157
Charge to income	(25)	(25)
Charge to equity	(8)	(8)
Exchange differences	(39)	(39)
At 31 December 2008	85	85

Unprovided deferred taxation

	Group	
	2008	2007
	€'000	**€'000**
Accelerated tax depreciation	(358)	(231)
Tax losses available	2,161	(3,142)
Other short term timing differences	963	(519)
Retirement benefit obligation	73	(18)
	2,766	(3,910)

No deferred tax asset or liability has been recognised in respect of the above accelerated tax depreciation, other short term timing differences and tax losses because the Group does not have sufficient estimated profits to utilise these assets in the near future.

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

35 CONTINGENT LIABILITIES

Contingent liabilities exist at the balance sheet date in respect of:

	Group		Company	
	2008	2007	2008	2007
	€'000	**€'000**	**€'000**	**€'000**
UK Group bank guarantees	-	-	7,428	2,069
UK Group value added tax	-	-	735	756
UK Bonds, guarantees and indemnities	4,103	3,916	3,834	3,692
Overseas bank guarantees	63,863	47,259	-	-
Overseas bonds, guarantees and indemnities	9,867	4,037	-	-
	77,833	55,212	11,997	6,517

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a group VAT registration. Throughout the Group, contingent liabilities exist in respect of guarantees, performance bonds and indemnities issued on behalf of Group companies by banks and insurance companies in the ordinary course of business.

In view of the relatively low amount of bank borrowings when compared to cash and cash equivalents, the Directors believe that the likelihood of the guarantees being invoked is remote, therefore no provision has been recognised in these accounts.

36 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank loans and overdrafts, trade payables and loans given. The main purposes of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. Liquidity risk is not considered to be a main risk to the Group given the Group's cash and cash equivalents balances being considerably higher than any bank borrowings.

Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

36 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of individual Group entities (which are principally Sterling, Euros and US dollars).

The Group publishes its consolidated financial statements in Euros and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its operations where the Euro is not the functional currency of that operation.

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling to Euro and US dollar to Euro exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Increase/decrease in Sterling rate	Effect on profit before tax €'000	Increase/decrease US dollar rate	Effect on profit before tax €'000
2008	+10%	(1,313)	+10%	(771)
	-10%	1,384	-10%	943
2007	+5%	(1,008)	+5%	(388)
	-5%	1,114	-5%	428

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debt is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

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Notes to the Accounts (continued)
YEAR ENDED 31 DECEMBER 2008

36 FINANCIAL INSTRUMENTS (continued)

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Capital risk management
The Group manages capital to ensure adequate resources are retained for the continued growth of the Group. Access to capital includes the retention of cash on deposit and the availability of funding through agreed credit facilities.

37 RELATED PARTY TRANSACTIONS

At 31 December 2008, A J Langley was owed €97,000 (2007 - €39,000) by the company. The maximum overdrawn balance during the year was €2,918,000 (2007 - €176,000).

Transactions with related parties are at market value, and are unsecured. The Group has not recorded any impairment of receivables relating to amounts owed by related parties (2007 - €nil).

During the year, the Company invoiced the following management charges to Group companies with the amounts outstanding at the year end:

	Amount invoiced during the year		Amount outstanding at the year end	
	2008	2007	2008	2007
Company	**€'000**	**€'000**	**€'000**	**€'000**
The Claudius Peters 'group' of companies	1,943	2,143	(14,730)	(3,409)
The Piller 'group' of companies	138	188	(18,310)	(14,402)
The ARO 'group' of companies	463	608	1,287	1,777
The Clarke Chapman 'group' of companies	548	640	225	3,348
The Bradman Lake 'group' of companies	311	-	6,565	3,334
Other group companies in the UK	341	379	2,464	5,845

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

37 RELATED PARTY TRANSACTIONS (continued)

During the year, the following Group companies charged interest on loans made to the Company:

	2008	2007
Company	**€'000**	**€'000**
Piller (UK) Limited	1,238	842
Claudius Peters Group GmbH	561	112

In addition the following Group companies paid interest on loans from the Company:

	2008	2007
Company	**€'000**	**€'000**
ARO Welding Technologies Inc	59	183
Bradman Lake Limited	344	30

Transactions between subsidiaries have been eliminated on consolidation and are disclosed in full in the individual company accounts.

The Company and Group are controlled by A J Langley, a Director of the Company.

38 SHARE CAPITAL

	2008	2007
	€'000	**€'000**
Authorised:		
1,000,000 ordinary shares of £0.10 each	163	163
Allotted, issued and fully paid:		
1,000,000 ordinary shares of £0.10 each	163	163

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

39 REVALUATION RESERVE

	Group revaluation reserve	Company revaluation reserve
	€'000	**€'000**
At 1 January 2008	3,136	98
Depreciation transfer net of deferred income tax	(145)	(10)
Exchange differences for the year	(26)	(25)
At 31 December 2008	2,965	63
At 1 January 2007	2,014	125
Surplus on revaluation	1,827	-
Deferred tax on revaluation surplus in year	(588)	-
Depreciation transfer net of deferred income tax	(106)	(16)
Exchange differences for the year	(11)	(11)
At 31 December 2007	3,136	98

This reserve is used to reflect changes in the fair value as indicated in note 1(e). It is not available for the payment of dividends.

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

40 RETAINED EARNINGS

	Group	Company
	€'000	**€'000**
At 1 January 2008	153,089	11,500
Profit/(loss) for the year	45,410	(3,425)
Dividends paid	(16,230)	(16,230)
Depreciation transfer from revaluation reserve	153	18
Currency exchange differences on retranslation	(5,652)	655
Actual gains on defined benefit scheme net of deferred income tax	(153)	-
At 31 December 2008	176,617	(7,482)

	Group	Company
	€'000	**€'000**
At 1 January 2007	125,885	18,347
Profit for the year	43,219	5,176
Dividends paid	(10,510)	(10,510)
Depreciation transfer from revaluation reserve	106	16
Currency exchange differences on retranslation	(5,751)	(1,529)
Other equity movements	65	-
Actual gains on defined benefit scheme net of deferred income tax	75	-
At 31 December 2007	153,089	11,500

Included within the retained earnings of the group are foreign exchange reserves of €(9,706,000) (2007 - €(4,155,000). Included within the retained earnings reserve for the company is €(153,000) (2007 - €(799,000)).

The Directors intend to pay dividends up from the subsidiaries utilising retained reserves to cover the deficit on the Company profit and loss reserve.

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Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

41 COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments and other costs under non-cancellable operating leases, which fall due as follows:

	2008	2007
	€'000	**€'000**
Within one year	1,698	3,027
In two to five years	4,494	5,224
After five years	867	1,657
	7,059	9,908

The lease commitments relate primarily to leases of land and buildings. The leases have various terms and renewal rights.

42 CASH GENERATED FROM OPERATIONS - GROUP

	2008	2007
	€'000	**€'000**
Profit before taxation	70,193	56,735
Depreciation	7,795	6,931
Impairment	-	46
Loss on sale of property, plant and equipment	23	45
Impairment of intangibles	193	265
Investment income	(5,028)	(3,952)
Negative goodwill on acquisition	-	(1,104)
Interest expense	424	795
Increase in inventories	(7,031)	(6,006)
Decrease/(increase) in trade and other receivables	23,301	(6,406)
(Decrease)/increase in trade and other payables	(643)	22,136
Movement in retirement benefit obligations	299	(1,446)
Foreign exchange translation adjustments	(4,290)	(4,960)
Cash generated from operations	85,236	63,079

Notes to the Accounts (continued)

YEAR ENDED 31 DECEMBER 2008

42 CASH GENERATED FROM OPERATIONS – COMPANY (continued)

	2008	2007
	€'000	**€'000**
(Loss)/profit before taxation	(3,473)	5,376
Depreciation	528	551
Profit on sale of property, plant and equipment	(2)	(35)
Investment income	(519)	(7,431)
Interest expense	1,918	1,289
(Increase)/Decrease in trade and other receivables	16,043	(18,601)
Increase in trade and other payables	2,785	7,121
Foreign exchange translation adjustments	3,047	(544)
	20,327	(12,274)

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Langley Holdings plc
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