Registered number 03460977

AXEON TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

AXEON TECHNOLOGIES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2008

AXEON TECHNOLOGIES LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS:	L Berns C L Matthews
REGISTERED OFFICE:	8 Clifford Street London W1S 2LQ
REGISTERED NUMBER:	03460977
AUDITORS:	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

AXEON TECHNOLOGIES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 December 2008

Principal activities

The principal activity of the company is battery management systems and battery design for large Lithium Ion batteries The batteries are manufactured by Axeon Power Ltd, another subsidiary of AG Holding Ltd

Business review

The company has continued to invest in building the engineering skills and capabilities required to enable the group to deliver large scale Lithium Ion batteries to a range of customers, focusing mainly on automotive application areas Key performance indicators include - growth in revenue, increased efficiency and streamlining of the design cycle, achieving profitability, positive operating cash flows and securing new customers The principal risk is the success of customers' products Ongoing, the company is mitigating this by seeking a wider spread of customers and custom battery applications

The company generates turnover by recharging the cost of completed product developments to other Axeon companies as well as some external sales of engineering work which is not related to group production All product manufacturing and sales are through other group members who recover the engineering costs from the end customer During 2008 there was no turnover in Axeon Technologies (2007 £335,451)

The loss for the year was £2,300,925 (2007 £187,410) after accounting for an impairment charge of £1,532,948 (2007 nil)

Future developments

On 20 April 2009 Axeon Holdings plc was placed into administration AG Holding Limited was incorporated on 14 April 2009 and acquired the company and other assets of Axeon Holdings plc, becoming the new parent company

The company has the ongoing support of AG Holding Limited and continues to develop the engineering capability to deliver large scale Lithium Ion batteries

Dividends

The directors do not propose the payment of a dividend for the year ended 31 December 2008 (2007 nil)

Directors

The directors, who served throughout the year, were as follows

D J Campbell - resigned 30/06/2010
H Grant – resigned 02/12/2008
L Berns
C L Matthews

The directors holding office at 31 December 2008 did not hold any beneficial interest in the issued share capital of the company at 1 January 2008 or 31 December 2008

AXEON TECHNOLOGIES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2008

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and have elected to adopt the International Financial Reporting Standards (IFRSs), as adopted by the European Union, in force at the time that the financial statements are prepared

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss for that period In preparing these financial statements the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report that comply with that law and those regulations

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the board

Lawrence Berns - Director

29 July 2010

AXEON TECHNOLOGIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXEON TECHNOLOGIES LIMITED

We have audited the financial statements of Axeon Technologies Limited for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out on page 3

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

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

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of company's affairs as at 31 December 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in Note 2 to the financial statements concerning the company's ability to continue as a going concern The company incurred a net loss of £2,300,925 during the year ended December 31, 2008 and, as of that date, the company's current liabilities exceeded its current assets by £7,155,818 These conditions, along with other matters explained in Note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Mazars LLP

Mazars LLP

Chartered Accountants and Registered Auditors

Tower Bridge House

St Katharine's Way

London

E1W 1DD

29 July 2010

AXEON TECHNOLOGIES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Continuing operations			
Revenue		-	335,451
Cost of sales		**(1,655)**	(3,155)
Gross (loss)/profit		**(1,655)**	332,296
Administrative expenses		**(753,022)**	(548,062)
Earnings before interest, tax, depreciation and amortisation		**(754,677)**	(215,766)
Depreciation and amortisation		**(13,015)**	(11,671)
Operating loss before financing costs	4	**(767,692)**	(227,437)
Impairment charge	9	**(1,532,948)**	-
Finance revenues	6	**752**	2,043
Finance costs	7	**(1,037)**	(22,016)
Loss before tax		**(2,300,925)**	(247,410)
Tax	8	**-**	60,000
Loss after tax		**(2,300,925)**	(187,410)

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £	2007 £
Loss for the year being total recognised income and expense	**(2,300,925)**	(187,410)

AXEON TECHNOLOGIES LIMITED

BALANCE SHEET

AT 31 DECEMBER 2008

Registered number 03460977

	Notes	2008 £	2007 £
Non-current assets			
Intangible assets	9	**194,162**	583,567
Property, plant and equipment	10	**16,764**	17,988
		210,926	601,555
Current assets			
Trade and other receivables	12	**191,849**	192,234
Cash and cash equivalents	13	**7,046**	19,552
		198,895	211,786
Total assets		**409,821**	813,341
Current liabilities			
Trade and other payables	14	**7,354,713**	5,459,945
		7,354,713	5,459,945
Net current liabilities		**(7,155,818)**	(5,248,159)
Net liabilities		**(6,944,892)**	(4,646,604)
Equity			
Share capital	15	**915,023**	915,023
Share premium		**5,923,092**	5,923,092
Equity reserve		**21,126**	18,489
Retained earnings		**(13,804,133)**	(11,503,208)
Equity attributable to equity holders of the company		**(6,944,892)**	(4,646,604)

The financial statements were approved by the board of directors and authorised for issue on 29 July 2010 They were signed on its behalf by

Lawrence Berns
Director

AXEON TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £	Share premium £	Equity Reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2007	915,023	5,923,092	15,226	(11,315,798)	(4,462,457)
Capital contribution from parent company	-	-	3,263	-	3,263
Net loss for the year	-	-	-	(187,410)	(187,410)
Balance at 31 December 2007	915,023	5,923,092	18,489	(11,503,208)	(4,646,604)
Capital contribution from parent company	-	-	2,637	-	2,637
Net loss for the year	-	-	-	(2,300,925)	(2,300,925)
Balance at 31 December 2008	**915,023**	**5,923,092**	**21,126**	**(13,804,133)**	**(6,944,892)**

AXEON TECHNOLOGIES LIMITED

CASH FLOW STATEMENT

FOR YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Net cash from operating activities			
Loss for the year		**(2,300,925)**	(187,410)
Adjustments for			
Depreciation	10	**13,015**	11,671
Impairment	9	**1,532,948**	-
Equity-settled share-based payment transactions	5	**2,637**	3,263
Development expenditure capitalised	9	**(1,143,543)**	(561,703)
Finance revenues	6	**(752)**	(2,043)
Finance costs	7	**1,037**	22,016
Taxation	8	-	(60,000)
Gain on disposal of property, plant and equipment	10	-	(39)
Operating loss before changes in working capital		**(1,895,583)**	(774,245)
Decrease in inventories		-	202
Decrease in trade and other receivables	12	**385**	24,202
Increase in trade and other payables	14	**1,894,768**	868,112
Interest received		**752**	2,043
Interest paid		**(1,037)**	(34,349)
Taxation received		-	131,506
Cash generated by operations		**(715)**	217,471
Investing activities			
Purchase of property, plant and equipment	10	**(11,791)**	(5,702)
Proceeds on disposal of property, plant and equipment	10	-	712
Net cash used in investing activities		**(11,791)**	(4,990)
Financing activities			
Repayment of borrowings		-	(300,216)
Net cash used in investing activities		-	(300,216)
Net decrease in cash and cash equivalents		**(12,506)**	(87,735)
Cash and cash equivalents at beginning of year	13	**19,552**	107,287
Cash and cash equivalents at end of year	13	**7,046**	19,552

1 General information

Axeon Technologies Ltd is a company incorporated in the United Kingdom under the Companies Act 1985 The address of the registered office is given on page 1 The nature of the company's operations and its principal activities are set out in page 2

These financial statements are presented in pounds sterling because that it is the currency of the primary economic environment in which the company operates

2 Significant accounting policies

Basis of accounting

Following a directive issued by the European Parliament in July 2002, the company has elected to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRSs") As adopted for use within the European Union The accounting policies followed in these financial statements have been applied consistently to all periods under review and comparative figures presented to reflect adjustments required to comply with IFRSs

The company adopted no new standards, amendments and interpretations in the year The following standards and amendments to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods but which the Company has not early adopted

IAS 1 - (Revised) Presentation of financial statements The revised standard will prohibit the presentation of items of income and expenses (that is, non-owner changes in equity) in the statement of changes in equity The company will apply this revision for accounting periods on or after 1 January 2010 and will only effect the presentation of the results

IAS 39 - (Amendment) "Financial Instruments Recognition and Measurement" on eligible hedged items The company will apply this amendment for accounting periods commencing on 1 January 2010 The impact on the company of adopting this amendment in future years is dependent on future movements in interest rates and therefore cannot be assessed at this time

IFRS 2 - Share-based payments The amendment issued in January 2008, which is effective from 1 January 2009, and the amendment issued in June 2009, which is effective from the 1 January 2010, clarify the terms 'vesting conditions' and 'cancellations' and how an individual subsidiary in a company should account for some share-based payment arrangements in its own financial statements

IFRS 7 - Financial Instruments Disclosures This amendment enhances the disclosures about fair values and liquidity risk - effective 1 January 2009 and will result in more disclosures

IFRS 9 - 'Financial Instruments' issued in November 2009 established new principles for the recognition and measurement of financial assets The revisions are effective for accounting periods beginning on or after 1 January 2013 with early adoption permitted The company does not at this stage anticipate early adoption of the revised standard The impact on the company's financial statements is currently under review

IFRIC 17 - Distribution of Non-cash Assets To Owners This standard will apply for accounting periods beginning on or after 1 July 2009 The company has not fully assessed the impact of adopting the above standards but the resultant impact, based upon current operations of the company, is not expected to be significant

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments This standard will apply for accounting periods beginning on or after 1 July 2010 The company has not fully assessed the impact of adopting the above standards but the resultant impact, based upon current operations of the company, is not expected to be significant

All the other amendments to standards and interpretations in issue but not yet effective are considered not to be applicable to the company's activities

The financial statements have been prepared on the historical cost basis The principal accounting policies adopted are set out below

Going concern

The financial statements have been prepared on the going concern basis This basis is considered appropriate by the directors because there are sufficient cash resources available to the company in addition to a £2 million loan facility provided by the ultimate controlling party in May 2010 which has not been drawndown to date and the Directors have sought the relevant confirmations from intercompany lenders that they will not seek repayment until such time as the company is in a position to repay the loan Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities which might arise

2 Significant accounting policies - continued

Revenue

Revenue 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 is recognised on despatch of products

For longer term development contracts, revenue is recognised on a percentage of completion basis when the contract's outcome can be foreseen with reasonable certainty Percentage completion is calculated by taking the value of work done to date as a percentage of the total contract value

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency)

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) 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 items 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 Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

Tax

Tax represents the sum of the tax currently payable, receivable and deferred tax

Tax receivable represents credits due as a result of research and development tax credit claims The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

2 Significant accounting policies - continued

Tax - continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis

Property, plant and equipment
Office and computer equipment are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases

Office and computer equipment - 20-50% straight line on cost

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Intangible assets

Internally-generated research and development expenditure
Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised as an expense in the income statement

Where a product is technically feasible, production and sale are intended, a market exists and sufficient resources are available to complete the project, development costs are capitalised and amortised over the expected units produced over the useful life of the respective product Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it occurs

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs An intangible asset with an indefinite life is tested for impairment annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Financial instruments
Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument

2 Significant accounting policies - continued

Trade and other receivables
Trade and other receivables are stated at their nominal values less impairment losses, if required

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Trade and other payables
Trade and other payables are stated at their nominal values

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

Share based payments
As part of the Axeon Holdings plc group, the company has applied the requirements of IFRS 2 Share-based Payments In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2006

The company issues equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions Fair value is measured by use of the Binomial model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

The amount relating to the company is accounted for as a capital contribution

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies, which are described in note 2, management is required to make certain estimates and judgements concerning the future These estimates and judgements are regularly reviewed and updated as necessary The estimates and judgements that have the most significant effect on the amounts included in these consolidated financial statements are as follows

Internally generated research and development expenditure
The company capitalises research and development costs provided they meet certain criteria Costs are only capitalised when it is probable that the project will be a success and costs can be measured reliably Other research and development expenditure is recognised as an expense

4 Operating loss for the year

Loss for the year has been arrived at after charging/(crediting)

	2008 £	2007 £
Net foreign exchange losses	**3,462**	1,774
Research and development costs capitalised	**(1,143,543)**	(1,121,437)
Depreciation of property, plant and equipment	**13,015**	11,671
Cost of inventories recognised as an expense	**-**	202
Staff costs (see note 5)	**1,260,847**	411,316
Impairment charge	**1,532,948**	-

4 Operating Loss for the year - continued

The analysis of auditors' remuneration is as follows

Fees payable to the company's auditors for the audit of the company's financial statements	**4,000**	4,000
Fees payable to the company's auditors and their associates for other services to the company	-	-
	4,000	4,000

5 Staff costs

The average monthly number of employees (including executive directors) was

	2008 Number	2007 Number
Administration	**1**	1
Research and development	**20**	9
Sales and marketing	**1**	1
	22	11

Their aggregate remuneration comprised

	2008 £	2007 £
Wages and salaries	**1,174,875**	365,157
Social security costs	**71,560**	35,495
Other pension costs	**11,775**	7,401
Equity-settled share-based payments	**2,637**	3,263
	1,260,847	411,316

Directors' emoluments	-	-
Directors' pension contributions to money purchase schemes	-	-

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	-	-

There were no amounts included in emoluments (2007 - £nil) which were payable to third parties for the services of directors

Staff costs expensed in the year are shown net of capitalised costs

6 Finance revenues

	2008 £	2007 £
Interest on bank deposits	**752**	2,043
	752	2,043

7 Finance costs

	2008 £	2007 £
Interest on bank overdrafts and loans	**1,037**	57
Interest on other loans	-	21,959
	1,037	22,016

8 Tax

	2008 £	2007 £
Current tax		
Research and development tax credit recoverable	-	(60,000)
	-	(60,000)

Corporation tax is calculated at 30% (2007 30%) of the estimated assessable profit for the year

The charge for the year can be reconciled to the loss per the income statement as follows

	2008 £	2007 £
Loss before tax	**(2,300,925)**	(247,410)
Tax using the UK corporation tax rate of 30% (2007 30%)	**(690,278)**	(74,223)
Effects of		
Expenses that are not deductible in determining taxable profit	-	3
Capital allowances in excess of depreciation	**(64)**	(923)
Utilisation and movement on tax losses	**690,342**	-
Research and development expenditure	-	(37,683)
Other timing differences	-	(223)
Surrender of tax losses for tax credit refund	-	53,049
Current tax credit	-	(60,000)

9 Other intangible assets

	Patents £	Intellectual Property £	Development Expenditure £	Total £
COST				
At 1 January 2007	26,234	138,570	-	164,804
Additions	-	-	561,703	561,703
At 31 December 2007	26,234	138,570	561,703	726,507
Additions	-	-	1,143,543	1,143,543
At 31 December 2008	**26,234**	**138,570**	**1,705,246**	**1,870,050**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2007	4,370	138,570	-	142,940
Charge for the year	-	-	-	-
At 31 December 2007	4,370	138,570	-	142,940
Charge for the year	-	-	-	-
Impairment	-	-	1,532,948	1,532,948
At 31 December 2008	**4,370**	**138,570**	**1,532,948**	**1,675,888**
CARRYING AMOUNT				
At 31 December 2008	**21,864**	**-**	**172,298**	**194,162**
At 31 December 2007	21,864	-	561,703	583,567

10 Property, plant and equipment

	Office & Computer equipment £
COST	
At 1 January 2007	216,057
Additions	5,702
Disposals	(1,154)
At 31 December 2007	220,605
Additions	11,791
At 31 December 2008	**232,396**
ACCUMULATED DEPRECIATION	
At 1 January 2007	191,427
Charge for year	11,671
Depreciation on disposals	(481)
At 31 December 2007	202,617
Charge for year	13,015
At 31 December 2008	**215,632**
CARRYING AMOUNT	
At 31 December 2008	**16,764**
At 31 December 2007	17,988

11 Deferred tax

The deferred tax asset not recognised in the financial statements is

	2008 £	2007 £
Depreciation in advance of capital allowances	**8,865**	9,154
Short-term temporary differences	**-**	585
Unutilised tax losses	**2,808,963**	2,118,621
	2,817,828	2,128,360

The unrecognised deferred tax asset would be recoverable should taxable profits be generated in future years

12 Trade and other receivables

	2008 £	2007 £
Prepayments and other receivables	**1,849**	2,234
Tax recoverable	**190,000**	190,000
	191,849	192,234

The directors consider that the fair value of other receivables are not materially different to their carrying values

13 Cash and cash equivalents

	2008 £	2007 £
Cash at bank and in hand	**7,046**	19,552
	7,046	19,552

Counterparties for cash deposits are limited to financial institutions which have a high credit rating

14 Trade and other payables

	2008 £	2007 £
Trade payables	**44,819**	265
Amounts owed to group undertakings	**7,251,266**	5,433,831
Accruals and other payables	**58,628**	25,849
	7,354,713	5,459,945

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs

The directors consider that the fair value of trade creditors and other payables are not materially different to their carrying values

The assets of the company are pledged as security for the borrowings of the previous holding company (Axeon Holdings plc) On 20 April 2009 Axeon Holdings plc went into Administration On the same day, all assets were acquired by AG Holding Ltd, the newly incorporated holding company, along with the secured borrowings

15 Share capital

Authorised

	Number	£
Nominal value £1 00		
At 1 January 2007	1,000,000	1,000,000
Authorised in the year	-	-
At 31 December 2007	1,000,000	1,000,000
Authorised in the year	-	-
At 31 December 2008	**1,000,000**	**1,000,000**

Issued

	Number	£
Nominal value £1 00		
At 1 January 2007	915,023	915,023
Issued in the year	-	-
At 31 December 2007	915,023	915,023
Issued in the year	-	-
At 31 December 2008	**915,023**	**915,023**

16 Operating lease arrangements

	2008 £	2007 £
Minimum lease payments under operating leases recognised as an expense in the year	-	4,194
	-	4,194

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

Within one year	-	-
	-	-

Operating lease payments represent rentals payable by the company for its equipment

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution retirement benefit scheme which is open to all employees The assets of the scheme are held separately from those of the company in funds under the control of a separate investment management company

The total cost charged to income of £11,775 (2007 £7,401) represents contributions payable to these scheme by the company at rates specified in the rules of the plan As at 31 December 2008, contributions of £435 (2007 £1,951) due in respect of the current reporting period had not been paid over to the scheme

18 Related party transactions

Identity of related parties
The company has a related party relationship with its parent and other group undertakings and with its directors

Trading transactions
During the year, the company entered into the following transactions with related parties

	2008 £	2007 £
Sales of goods and services.		
Axeon Holdings plc	-	191,638
Purchase of goods and services:		
Axeon Holdings plc	**160,794**	304,352
EMB GmbH	**13,141**	1,930
Amounts owed to related parties		
Axeon Holdings plc	**7,251,266**	5,431,844
EMB GmbH	**1,090**	1,987

Sales and purchases of goods and services to/from related parties were made at arm's length The amounts outstanding are unsecured and will be settled in cash No guarantees have been given or received

Directors' transactions
There are no amounts due to/from the directors at the start or end of the year

19 Share-based payments

The group operates two share option schemes, an Inland Revenue approved share option scheme ('the approved scheme') and an unapproved scheme In addition, there are a number of standalone agreements for current and former directors of the company The rules of all of the schemes and agreements are substantially the same, except as described below

The schemes are open to all employees, including executive and non-executive directors The grant of options is at the discretion of the directors upon recommendation by the Remuneration Committee The latest date for exercise of options under both schemes is ten years from the date of grant The earliest date is dependent on achievement of performance criteria, except that the standalone agreements for former directors carry no performance criteria and are exercisable in full from the date of issue

Grant date	No of employees Number	At 1 January 2008 Number	Granted during the year Number	Cancelled during the year Number	At 31 December 2008 Number	Exercise price Pence	Vesting conditions
Approved scheme							
June 2005	-	40,000	-	(40,000)	-	56 0	Group revenue
May 2007	1	73,570	-	(65,000)	8,570	5 0	Group EBITDA and fourth anniversary
July 2007	5	47,000	-	(37,000)	10,000	5 0	EPS and fourth anniversary
August 2008	11	-	37,000	-	37,000	5 0	EPS and fourth anniversary
Totals		**160,570**	**37,000**	**(142,000)**	**55,570**		

19 Share based payments - continued

The number and weighted average exercise prices of share options are as follows

	Weighted average exercise price 2008 Pence	Number of options 2008 Number	Weighted average exercise price 2007 Pence	Number of options 2007 Number
Outstanding at 1 January	**17 7**	**160,570**	56 0	90,000
Granted during the year	**5 0**	**37,000**	5 0	126,570
Lapsed during the year	**19 4**	**(142,000)**	50 5	(56,000)
Outstanding at 31 December	**5 0**	**55,570**	17 7	160,570
Exercisable at 31 December	**-**	**-**	-	-

The options outstanding at 31 December 2008 have an exercise price of 5p and a contractual life of 10 years No options were exercised during 2008 or 2007

Fair value of share options granted

The fair value of services received in return for share options granted is measured by reference to the fair value of options granted The estimate of the fair value of the services received is based on the Binomial model The assumptions used for the Binomial model for each issue of options to which this policy applies are as follow

Option Arrangement	No of instruments Number	Fair value at measurement date Pence	Share Price Pence	Exercise Price Pence	Expected volatility %	Average Option life Years	Risk free rate %
Approved share option May 2007	8,570	54 5	58 5	5 0	50	5 0	5 35
Approved share option July 2007	10,000	84 8	88 9	5 0	50	5 0	5 37
Approved share option August 2008	37,000	42 2	47 0	5 0	60	5 5	4 48
Total	**55,570**						

The forecast future volatility is based upon a three year historical volatility of the company and a group of comparable companies

A dividend yield of nil has been assumed for the years to 2010 Thereafter a 3% yield has been assumed

The costs charged to the income statement relating to share options granted as share-based payments were as follows

	2008 £	2007 £
Share options granted in 2007	**1,723**	3,263
Share options granted in 2008	**914**	-
	2,637	3,263

No director has received any share options

Following the administration of Axeon Holdings plc on 20 April 2009 the share option scheme was cancelled

AXEON TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

20 Financial instruments

Risk management is integral to the business of the company The company has a system of controls in place to create an acceptable balance between the costs of risk occurring and the cost of managing the risk Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved This section provides details of the Company's exposure to financial risks and describes the methods used by management to control such risk

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements

The Company's financial instruments comprise cash and various items, such as trade receivables and trade payables that arise directly from its operations Certain financial assets such as investments in subsidiary companies are also excluded from the scope of these disclosures The Company does not trade in financial instruments

The principal financial statements used by the company, from which financial instrument risk arises, are as follows

	2008 £	2007 £
Assets loans and receivables		
Other receivables	**1,849**	2,234
Cash and cash equivalents	**7,046**	19,552
	8,895	21,786
Liabilities other financial liabilities		
Trade Payables	**(44,819)**	(265)
Other payables	**(58,628)**	(25,849)
Amounts owed to group undertakings	**(7,251,266)**	(5,433,831)
	(7,354,713)	(5,459,945)

The principal financial instruments have been recognised at fair value upon initial recognition

Capital risk management objectives and policies

The objective of the company's capital management is to ensure that it maintains strong credit ratings and capital ratios This will ensure that the business is correctly supported and shareholder value is maximised

The company manages its capital structure through adjustments that are dependent upon economic conditions In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders There were no changes to the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2008

It is the policy of the company to finance its business activities through working capital in order to ensure that the company's ability to continue as a going concern is safeguarded and hence the management of capital and liquidity is of prime importance The company is generally able to freely transfer capital between subsidiary undertakings and the parent company subject to meeting local statutory requirements over capital

The company monitors its liquidity requirements and risks through the use of detailed cash flow forecasts to ensure that it maintains a level of cash and cash equivalents deemed adequate to finance the company's operations and to mitigate the effects of fluctuations in its cash flows Cash not required for immediate operations is placed on deposit but can be drawn at any time

20 Financial instruments - continued

The working capital position of the company at the balance sheet date is as follows

	2008 £	2007 £
Trade and other receivables	**191,849**	192,234
Cash and cash equivalents	**7,046**	19,552
Trade and other payables	**(7,354,713)**	(5,459,945)
Working capital position	**(7,155,818)**	(5,248,159)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer of counterparty in settling their financial and contractual obligations to the company, as and when they fall due

The company has cash and cash equivalents placed with a diverse group of financial institutions which are regulated and have a suitable credit rating to manage its credit risk to any one financial institution

Liquidity risk

It is the company's policy to finance its business through working capital Requirements to implement the company's business plan are kept under regular review by the Board The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequately the management to finance the Company's operations and to mitigate the effects of fluctuations in its cash flows Cash not required for immediate operations is placed on deposit but can be drawn down by the company when required

Foreign currency exchange risk

The company's activities are principally conducted in GBP, EUR and USD Foreign exchange risk arises from income received and costs payable in these currencies The Company uses natural hedging where customer and supplier currencies are matched and does not use any forward contracts to hedge its exposure to foreign currency risks

The Directors consider the financial risks associated with currency exposure to be no greater than the risks associated with entering into derivative financial instruments

The Company's significant exposure to foreign currency exchange rate risk was as follows at 31 December 2008

	EUR £	USD £	Totals £
Assets			
Cash and cash equivalents	4,340	-	4,340
At 31 December 2008	4,340	-	4,340

	EUR £	USD £	Totals £
Liabilities			
Trade and other payables	2,195	-	2,195
At 31 December 2008	2,195	-	2,195

20 Financial Instruments - continued

The Company's significant exposure to foreign currency exchange rate risk was as follows at 31 December 2007

	EUR £	USD £	Totals £
Assets			
Cash and cash equivalents	629	-	629
At 31 December 2007	629	-	629
Liabilities			
Trade and other payables	783	-	783
At 31 December 2007	783	-	783

The following table demonstrates the estimated sensitivity of post-tax profit and net assets to a 5% increase/(decrease) in the exchange rate, assuming all other variables are held constant

	Post tax profit		Equity	
	2008 £	2007 £	2008 £	2007 £
Translation of significant foreign assets and liabilities				
GBP/EUR up 5%	**107**	8	**107**	8
GBP/EUR down 5%	**(107)**	(8)	**(107)**	(8)
GBP/USD up 5%	-	-	-	-
GBP/USD down 5%	-	-	-	-

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern The focus of the company's capital risk management is the current working capital position against requirements of the Company to meet investment programmes and corporate overheads

Interest rate risk

The company has interest bearing assets held as cash and cash equivalents and interest bearing liabilities in the form of borrowings

At the balance sheet date, the company had the following significant financial assets and liabilities exposed to variable interest rates

	2008 £	2007 £
Assets		
Cash and cash equivalents	**4,340**	629
Liabilities		
Borrowings	-	-

20 Financial instruments - continued

The following table demonstrates the estimated sensitivity of post-tax profit to a 0 5% absolute change in the interest rate

Effect on post-tax profit	2008 £	2007 £
Assets		
Interest rates up 0 5%	**5**	2
Interest rates down 0 5%	**(5)**	(2)
Liabilities		
Interest rates up 0 5%	**-**	-
Interest rates down 0 5%	**-**	-

21 Ultimate parent company

The company's ultimate parent undertaking is AG Holding Ltd, a company with its registered office at One Silk Street, London, EC2Y 8HQ The ultimate controlling party is Ironshield Capital Management LLP

22 Post Balance Sheet note

On 20 April 2009, Axeon Holdings plc went into administration, its assets and secured liabilities were immediately assumed by AG Holding Ltd, which is backed by funds managed by Ironshield Capital Management LLP The share option scheme was cancelled following the administration of Axeon Holdings plc