

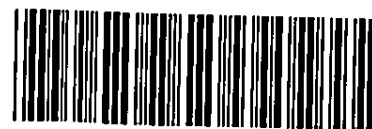
COMPANY No : 05851883

A V CO 1 LIMITED

REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 29 MARCH 2008

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A V CO 1 LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 29 MARCH 2008

The Directors present their report and the financial statements for the period ended 29 March 2008

1 RESULTS AND DIVIDENDS

The Group's profit before tax for the 52 weeks ended 29 March 2008 was £3,432,000 (41 weeks ended 31 March 2007 loss £3,573,000) The Directors do not recommend the payment of a final dividend (2007 £nil)

2 RESEARCH AND DEVELOPMENT

The Group is actively researching and developing new products

3 BUSINESS REVIEW

Overview

The Company and its subsidiaries (collectively known as the 'Avery Weigh-Tronix Group') principally develops, manufactures, distributes and services weighing equipment and operates directly in the UK, USA, Canada, Ireland, France, Austria, Malaysia and India

Historically the Group has operated in 2 distinct markets being Retail, which covers weighing and other food processing equipment supplied to retail customers, and Industrial which covers all other weighing related business During the year the Group disposed of its Retail business (see note 5 for details) and now operates solely in the Industrial market In the Profit and Loss account (see page 7) and supporting notes, as well as in the Proforma Profit and Loss account (see note 34), the results of the Retail business have been separately identified as "Discontinued Operations"

At the date of this report, the Directors are not aware of any likely major changes in the Group's activities in the coming year

The main competitors of the Group are Mettler Toledo, Bilancia Group, Ricolake Weighing Systems and Fairbanks Scales Due to the quality of the brands held, the Group is well placed within the market sectors it operates in

The Group aims to maximise earnings before interest, taxation, depreciation, amortisation and exceptional / one-off costs ("EBITDA") through a combination of sales growth, unit cost reductions and realisation of efficiencies

Trading Results

In order to assist in the understanding of the business the Company has prepared a Proforma Profit and Loss account (see note 34) to show the results of the Avery Weigh-Tronix Group in the current and prior period as if it had been in existence for the whole period up to the balance sheet date The commentary below is by reference to the continuing operations (i.e. Industrial) numbers in that Proforma Profit and Loss account

Turnover of the Group in the 52 weeks ending 29 March 2008 (FY08) was £116.0 million (52 weeks ended 31 March 2007 (FY07) £110.8 million), translated at average exchange rates of £1=\$2.01 and Euro 1.42 (2007 £1=\$1.88 and Euro 1.47) After taking account of the net unfavourable differences on translation resulting in a £1.0 million adverse impact, the real year on year increase in sales was £6.2m driven by strong product sales in the US and Asian markets

Gross margin (gross profit as % of turnover) remained stable from FY 07 to FY 08 at 32.5% as a result of higher service margins in the UK, due to the implementation of efficiency programmes, being offset by a decline in product margins due to mix effect of increased indirect US sales at lower margins

A V CO 1 LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 29 MARCH 2008

3 **BUSINESS REVIEW (CONTINUED)**

Trading Results (continued)

Redundancy costs of £0.9 million were recorded in FY08 as part of continuing cost reduction programmes. The costs relate to

- an efficiency programme in the UK service business
- a payment to a former director of a subsidiary of the Company
- UK route to market reorganisation

In FY 07 £2.7m of redundancy costs were recorded

The benefits of the cost reduction programmes undertaken in both FY 07 and FY 08 can be seen in the year on year reduction of distribution and administrative costs, after adding back exceptional items of £1.9 million

EBITDA for FY 08 was £10.4 million compared to £7.2m in FY 07. The improvement of £3.2m is as a result of the turnover increase and overhead savings referred to above

Principal Risk and Uncertainties

The Group's profitability is exposed to a number of external factors

- The general state of the economy, as some of the products sold are capital in nature, which can often be deferred
- Exchange rate movements, in particular £ sterling, US \$ and Euro
- The cost of raw material, in particular steel
- The timing of larger orders from the Group's major accounts
- Competitive pressure

The only risks that can reasonably be hedged are exchange and interest rates. Foreign currencies in the Group (United States Dollar, Canadian Dollar and Euro) have not been hedged during the period, though due to the denomination of the senior debt there is an element of natural hedging in place. Up until 20 September 2007 interest rates were hedged as part of a €76 million senior multi-currency facility. Following the repayment of a large part of this debt (see note 22), with effect from 20 September 2007, only the interest rates on the €13.2 million Mezzanine facility were hedged (see note 13). Steel cannot be hedged as it is not a traded commodity and suppliers are unwilling to enter into long term supply contracts. All other risks are outside the control of the Group.

Financing

The Group and the Company benefit from a €13,170,000 mezzanine facility agreement and a €76,460,000 senior multicurrency term and revolving facilities agreement, dated 31 July 2006 and amended on 26 October 2006 and again on 8 February 2008, under which financial facilities are made available by Royal Bank of Scotland plc and HSBC Bank plc. Full details of transactions under these agreements can be found in note 22.

Interest Charge

The interest charge in the period of £11.4m (2007 - £5.3m) includes £3.8m of foreign exchange losses (2007 - £nil) on foreign currency denominated external debt. On 20 September 2007, following the sale of the Retail business, £29.1m of term debt was repaid and as a result £1.0m of capitalised issue costs of debt were written off. As noted below, on 25 February 2008, £22.0m of preference shares were repaid and cancelled causing a further £0.4m of capitalised issue costs of debt to be written off. Also on 25 February 2008, the Group drew down an additional £22.0m of term loans. The associated issue costs of £1.0m were capitalised and will be amortised over the term of the debt.

A V CO 1 LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 29 MARCH 2008

3 BUSINESS REVIEW (CONTINUED)

Equity

During the year, the following transactions took place

- (i) 132,000 "B" ordinary shares of 10p each were issued for a consideration of 50p each (total £66,000),
- (ii) On 20 February 2008, the High Court sanctioned a £22,000,000 reduction in authorised share capital, by the cancellation of 22,000,000 of the 10% cumulative redeemable preference shares of £1 each, and
- (iii) On 25 February 2008, the issued preference share capital was reduced from £23,809,091 to £1,809,091 by the return of the said capital to the registered preference shareholders at par value

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Group operates in accordance with Group policies. Initiatives designed to minimise the Group's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Group's policies and practices keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

4 DIRECTORS

The following served as Directors of the Company during the period

G G Bowe
C Cramer
G A Cheek
S Henderson
C Thomas

5. CREDITOR PAYMENT POLICY

The Company is a holding company and as such does not have any trade creditors of its own.

The policy of the Group is to negotiate with suppliers so as to obtain the best available terms taking account of quality, delivery, price and period of settlement and, having agreed those terms, to abide by them.

The total amount of trade creditors falling due within one year at 29 March 2008, excluding amounts owed to companies in the Group, represents 32 days (2007: 66) as a proportion of the total amount invoiced by suppliers during the period ended on that date.

6. POLITICAL AND CHARITABLE DONATIONS

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the period (2007: £nil).

A V CO 1 LIMITED
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 29 MARCH 2008

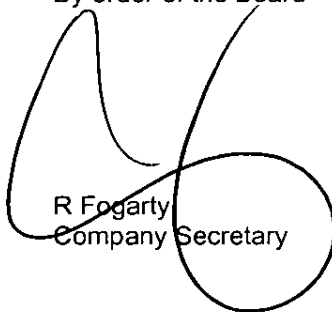
7 DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

8 AUDITORS

KPMG LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board


R Fogarty
Company Secretary

Date 14 May 2008

A V CO 1 LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company, and of the profit and loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A V CO 1 LIMITED

We have audited the group and parent company financial statements (the "financial statements") of A V Co 1 Limited for the period ended 29 March 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses 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 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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

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

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

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

Basis of audit opinion

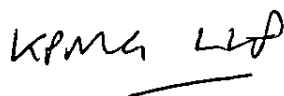
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

We planned and performed our audit so as to obtain all the information and explanations 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 29 March 2008 and of the Group's 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.



KPMG LLP

14 May 2008

Birmingham

Chartered Accountants

Registered Auditor

A V CO 1 LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED
29 MARCH 2008

	Notes	52 weeks ended 29 March 2008			41 weeks ended 31 March 2007		
		Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Turnover	2	116,036	18,129	134,165	75,564	28,021	103,585
Cost of sales		(79,212)	(12,829)	(92,041)	(51,625)	(19,213)	(70,838)
Gross Profit		36,824	5,300	42,124	23,939	8,808	32,747
Distribution costs		(10,220)	(2,101)	(12,321)	(7,730)	(2,963)	(10,693)
Administrative expenses							
Redundancy Costs		(920)	-	(920)	(2,118)	(499)	(2,617)
Refinancing and corporate restructuring costs		(908)	-	(908)	(245)	-	(245)
Other administrative expenses		(25,098)	(2,008)	(27,106)	(15,639)	(2,135)	(17,774)
		(26,926)	(2,008)	(28,934)	(18,002)	(2,634)	(20,636)
Other operating income	7	538	-	538	206	-	206
Group operating (loss)/profit		216	1,191	1,407	(1,587)	3,211	1,624
Share of operating profit in associates	12	211	-	211	12	-	12
Total operating (loss)/profit		427	1,191	1,618	(1,575)	3,211	1,636
Profit on disposal of discontinued operations	5			13,141			-
Profit on sale of fixed assets				94			45
Net interest payable	6			(11,421)			(5,254)
Profit/(loss) on ordinary activities before tax	7			3,432			(3,573)
Taxation on profit/(loss) on ordinary activities	8			(5,183)			(420)
Loss on ordinary activities after tax				(1,751)			(3,993)
Minority interests	26			(390)			(486)
Loss for the financial period	24			(2,141)			(4,479)

A reconciliation of movements in shareholders' funds is given in note 25

The accompanying notes form an integral part of this profit and loss account

A V CO 1 LIMITED
CONSOLIDATED STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND
LOSSES FOR THE 52 WEEKS ENDED 29 MARCH 2008


	Notes	52 weeks ended 29 March 2008 £'000	41 weeks ended 31 March 2007 £'000
Loss for the financial period		(2,141)	(4,479)
Actuarial losses recognised in the pension schemes	21	(58)	(163)
Movement on deferred tax relating to pension liability	21	23	-
Foreign exchange differences	24	<u>3,888</u>	<u>(1,517)</u>
Total recognised gains/(losses) for the period		<u>1,712</u>	<u>(6,159)</u>


There are no material differences between the profit (2007 loss) on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents

A V CO 1 LIMITED
CONSOLIDATED BALANCE SHEET AS AT 29 MARCH 2008

	Notes	29 March 2008 £'000	31 March 2007 £'000
Fixed assets			
Intangible fixed assets	10	32,737	46,601
Tangible fixed assets	11	10,497	15,285
Fixed asset investments	12	887	691
		<u>44,121</u>	<u>62,577</u>
Current assets			
Tangible assets (held as current assets)	14	4,044	-
Stocks	15	12,624	17,140
Debtors	16	27,607	32,609
Investments	28	3,328	2,664
Cash at bank and in hand		2,016	4,797
		<u>49,619</u>	<u>57,210</u>
Creditors (amounts falling due within one year)	17	<u>(35,109)</u>	<u>(38,870)</u>
Net current assets		<u>14,510</u>	<u>18,340</u>
Total assets less current liabilities		58,631	80,917
Creditors (amounts falling due after one year)	18	(57,173)	(78,936)
Provisions for liabilities and charges	19	<u>(1,327)</u>	<u>(3,694)</u>
Net assets/(liabilities) excluding pension liabilities		131	(1,713)
Pension liabilities	21	<u>(855)</u>	<u>(892)</u>
Net liabilities including pension liabilities		<u>(724)</u>	<u>(2,605)</u>
Capital and reserves			
Called-up share capital	23	218	205
Share premium account	24	873	820
Profit and loss account deficit	24	<u>(4,447)</u>	<u>(6,159)</u>
Shareholders' deficit	25	<u>(3,356)</u>	<u>(5,134)</u>
Minority interests	26	2,632	2,529
Capital employed		<u>(724)</u>	<u>(2,605)</u>

Approved by the Board on 14 May 2008 and signed on its behalf by


G G Bowe
Chairman


C Cramer
Finance Director

The accompanying notes form an integral part of this balance sheet

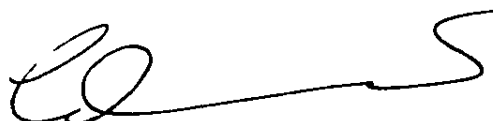
A V CO 1 LIMITED
COMPANY BALANCE SHEET AS AT 29 MARCH 2008

	Notes	29 March 2008 £'000	31 March 2007 £'000
Fixed assets			
Fixed asset investments	12	24,834	24,834
Current assets			
Debtors	16	300	5,182
Cash at bank and in hand		-	1
		<u>300</u>	<u>5,183</u>
Creditors (amounts falling due within one year)	17	<u>(19,220)</u>	<u>(963)</u>
Net current (liabilities)/assets		<u>(18,920)</u>	<u>4,220</u>
Total assets less current liabilities		5,914	29,054
Creditors (amounts falling due after one year)	18	<u>(11,448)</u>	<u>(30,138)</u>
Net liabilities		<u>(5,534)</u>	<u>(1,084)</u>
Capital and reserves			
Called-up share capital	23	218	205
Share premium account	24	873	820
Profit and loss account deficit	28	<u>(6,625)</u>	<u>(2,109)</u>
Capital employed		<u>(5,534)</u>	<u>(1,084)</u>

Approved by the Board on 14 May 2008 and signed on its behalf by



G G Bowe
Chairman



C Cramer
Finance Director

The accompanying notes form an integral part of this balance sheet

A V CO 1 LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED
29 MARCH 2008

	Notes	52 weeks ended 29 March 2008	41 weeks ended 31 March 2007
		£'000	£'000
Net cash inflow from operating activities	27	2,989	8,151
Returns on investments and servicing of finance			
Interest received		825	319
Interest paid		(3,276)	(2,617)
Interest element of finance lease payments		(135)	(56)
Net cash outflow from returns on investments and servicing of finance		(2,586)	(2,354)
Taxation paid		(2,396)	(399)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,293)	(1,825)
Sale of tangible fixed assets		175	61
Net cash outflow for capital expenditure and financial investment		(3,118)	(1,764)
Acquisitions and Disposals			
Purchase of subsidiary undertakings		-	(41,701)
Purchase of business		-	(416)
Net overdraft acquired with subsidiaries		-	(3,180)
Purchase of minority interest shares		(543)	-
Sale of discontinued operations (net of costs)		30,528	-
Net cash inflow/(outflow) for acquisitions and disposals		29,985	(45 297)
Net cash inflow/(outflow) before management of liquid resources and financing		24,874	(41,663)
Management of liquid resources			
(Increase)/Decrease in liquid resources		(493)	496
Returns on investment and servicing of financing			
Issue of ordinary share capital		66	1,025
Capital element of finance lease payments		(330)	(303)
Repayment of acquired borrowings		-	(32,174)
New bank loans		22,000	83,358
Repayment of bank loans		(29,673)	(3,773)
Repayment and cancellation of preference shares		(22,000)	-
Financing costs		(984)	(3,335)
Net cash (outflow)/inflow from financing		(30,921)	44,798
(Decrease)/increase in cash in the period		(6,540)	3,631
Reconciliation to net debt			
Net debt at beginning of period		(73,821)	-
Debt acquired		-	(32,706)
Liquid resources acquired		-	3,129
(Decrease)/increase in cash		(6,540)	3,631
Movement in liquid resources		493	(496)
Movement in borrowings		30,987	(44,870)
Non-cash movements	28	(4,990)	(2,841)
Exchange adjustments	28	(3,967)	332
Net debt at end of period	28	(57,838)	(73,821)

A V CO 1 LIMITED

NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

1 ACCOUNTING POLICIES

The principal policies adopted by the directors are summarised below, all of which have been applied consistently throughout the period

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the applicable United Kingdom accounting standards

Consolidated accounts

The consolidated accounts incorporate the accounts of the Company and all its subsidiaries made up to 29 March 2008

All business combinations have been accounted for under the acquisition method. Under this method, the results of the subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Consolidated accounts are prepared for those companies and entities where the A V Co 1 Limited Group holds a controlling interest.

An associate is an undertaking in which the Company has a long term interest, usually from 20% to 50% of the voting rights, and over which it exercises significant influence. The Company's share of the profit and loss of associates is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Turnover

Turnover represents the invoiced value, excluding value added tax, of sales of goods and services. Product turnover is recognised at the time the product is despatched or installed where installation is required under the terms of sale. Service turnover is recognised as the related services are performed. Contract service revenue invoiced in advance for fixed periods is taken to turnover in equal monthly instalments over the period of the contract.

Acquisitions and Disposals

On the acquisition of a business, fair values are attributed to the Company's share of net separable assets. Where the cost of the acquisition exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill and is capitalised in the balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the profit and loss account from the date of acquisition or up to the date of disposal.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on the straight line basis to write off initial cost at the following rates per annum:

Leasehold land and buildings are amortised over a period of fifty years, or where less, the remaining term of the lease at the time of acquisition.

Freehold buildings are amortised over a period of fifty years or over the remaining useful life of the building at the time of acquisition where this is less than fifty years. Freehold land is not depreciated.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

1 ACCOUNTING POLICIES (CONTINUED)

Depreciation (continued)

Hire equipment	
Weighbridge	20%
Other	50%
Tooling	20 – 30%
IT Equipment	20 – 30%
Motor Vehicles	25%
Other Assets	10 – 25%

Goodwill and intangible assets

For acquisitions of a business, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The Directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period. Capitalised purchase goodwill is included within intangible fixed assets.

A detailed impairment review of goodwill will be performed by the directors where the post-acquisition performance has failed to meet pre-acquisition expectations.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost comprises materials, direct labour and a share of production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and relevant marketing, selling and distribution costs.

Research and Development

Research and development expenditure is written off in the year in which it is incurred.

Taxation

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of the profit for the year.

Deferred Tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is provided on a non-discounted basis.

Leases

Rentals payable under operating leases are charged to the profit and loss in the year they arise. Assets acquired under an arrangement whereby substantially all the benefits and risks of ownership remain with the lessee (finance leases) are treated as fixed assets. The asset is capitalised at its fair value, and is depreciated. A corresponding hire purchase or lease creditor is included within liabilities.

Investments

Investments held as fixed assets are stated at cost less provisions for permanent diminution in values.

Current asset investments are stated at the lower of cost and net realisable value.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

1 ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent they hedge the group's investment in such operations, are reported in the statement of recognised gains and losses. All other exchange differences are included in the profit and loss account.

Related party transactions

The Group has relied upon the exemption provided within FRS 8 "Related Party Disclosures" and has not disclosed transactions with entities that are under common ownership of A V Co 1 Limited.

Pensions and post retirement benefits

The Group operates a number of defined contribution pension schemes, defined benefit pension schemes and post retirement benefit schemes around the world. The assets of the schemes are held separately from the Group.

The Group accounts for pension and post retirement costs in accordance with FRS 17 "Post Retirement Benefits". For the defined benefit schemes and post retirement benefit schemes valuations are performed by qualified actuaries at least every 3 years with update valuations in the intervening periods. The capital cost of benefits earned in the current period, the capital cost of benefit improvements, interest on the accrued pension liabilities (less the expected return on the scheme assets) are charged through the profit and loss account. Movements in the scheme assets and liabilities due to difference between actual and expected returns, experience changes or changes in actuarial assumptions are charged through the statement of recognised gains and losses.

The pension costs relating to defined contribution schemes and Group personal pension schemes represents the contributions payable by the Company and are expensed as incurred.

Finance Costs

Finance costs are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

1 ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivatives for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate into a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

2 SEGMENTAL INFORMATION

	Turnover			Profit/(loss) on ordinary activities before tax Total	Net assets/ (liabilities) including pension liabilities Total
	Continuing Operations	Discontinued Operations	Total		
52 weeks ended 29 March 2008	£'000	£'000	£'000	£'000	£'000
By location					
Europe	54,873	17,283	72,156	(5,198)	(36,328)
The Americas	47,860	846	48,706	6,809	27,516
Asia	13,303	-	13,303	1,821	8,088
Total Group	116,036	18,129	134,165	3,432	(724)
By destination					
Europe	51,506	16,368	67,874		
The Americas	47,904	1,189	49,093		
Australasia	307	138	445		
Asia	14,867	237	15,104		
Africa	1,452	197	1,649		
Total Group	116,036	18,129	134,165		
41 weeks ended 31 March 2007	£'000	£'000	£'000	£'000	£'000
By location					
Europe	36,765	26,246	63,011	(10,440)	(31,251)
The Americas	30,604	1,775	32,379	5,684	22,852
Asia	8,195	-	8,195	1,183	5,794
Total Group	75,564	28,021	103,585	(3,573)	(2,605)
By destination					
Europe	34,555	24,680	59,235		
The Americas	30,649	2,299	32,948		
Australasia	306	246	552		
Asia	9,290	400	9,690		
Africa	764	396	1,160		
Total Group	75,564	28,021	103,585		

The Group's turnover, result and net assets derive solely from one class of business

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

3 DIRECTORS EMOLUMENTS

	52 weeks ended 29 March 2008 £'000	41 weeks ended 31 March 2007 £'000
Aggregate emoluments and benefits	700	777
Company contribution to Group Personal Pension Plan	452	136
	1,152	913

There are 2 directors (2007: 2) accruing benefits under the Group Personal Pension Plan

Emoluments disclosed above include the following amounts paid to the highest paid director

	52 weeks ended 29 March 2008 £'000	41 weeks ended 31 March 2007 £'000
Aggregate emoluments and benefits	402	484
Company contribution to Group Personal Pension Plan	259	66
	661	550

4 EMPLOYEE INFORMATION

	52 weeks ended 29 March 2008			41 weeks ended 31 March 2007		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Average number of employees during the period	2,105	185	2,290	2,218	424	2,642
	£'000	£'000	£'000	£'000	£'000	£'000
Aggregate gross remuneration	37,260	5,420	42,680	21,550	10,936	32,486
Social security costs	5,868	1,060	6,928	3,249	2,222	5,471
Other pension costs	2,323	234	2,557	1,324	496	1,820
Total staff costs	45,451	6,714	52,165	26,123	13,654	39,777

The Company had no employees during either the current period or the prior period other than the directors, whose emoluments were borne by another group company

5 PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

On 17 September 2007, the Group sold the trade and assets of its retail business, being the manufacture, sale and service of weighing and food processing equipment to the retail sector, for a consideration of £38,583,000. Assets disposed of totalled £14,235,000. In addition £7,156,000 of goodwill was written off (see note 10) and £4,051,000 of costs were incurred resulting in a profit on sale of discontinued operations of £13,141,000.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

6 NET INTEREST PAYABLE

	52 weeks ended 29 March 2008 £'000	41 weeks ended 31 March 2007 £'000
Interest payable on bank loans and overdraft	(2,179)	(2,000)
Finance costs on shares classed as liabilities	(2,359)	(1,612)
Interest payable on convertible loan notes	(534)	(339)
Interest payable on mezzanine loan facility	(1,378)	(774)
Amortisation of issue costs of debt	(329)	(710)
Write off remaining issue costs on debt repaid in period	(1,381)	-
Interest payable on finance leases	(135)	(56)
Share of associate interest payable	(26)	-
Other interest payable	(29)	(23)
Foreign exchange loss on bank loans	(3,833)	-
Total interest payable	<u>(12,183)</u>	<u>(5,514)</u>
 Bank interest receivable	 801	 316
Other interest receivable	<u>5</u>	<u>3</u>
Total interest receivable	<u>806</u>	<u>319</u>
 Other finance costs (see note 21)	 <u>(44)</u>	 <u>(59)</u>
Net interest payable	<u>(11,421)</u>	<u>(5,254)</u>

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

7 NOTES TO THE PROFIT AND LOSS ACCOUNT

	52 weeks ended 29 March 2008			41 weeks ended 31 March 2007		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)						
Depreciation - owned assets	2,535	47	2,582	2,053	90	2,143
Depreciation - leased assets	234	-	234	206	-	206
Goodwill amortisation	671	209	880	444	209	653
Intellectual property amortisation	1,338	119	1,457	845	192	1,037
Rental under operating leases						
- plant and machinery	426	-	426	317	17	334
- other	1,593	153	1,746	1,229	414	1,643
Research and development expenditure	2,500	677	3,177	1,932	924	2,856
Redundancy costs	920	-	920	2,159	458	2,617
Auditors' remuneration						
- audit of these financial statements	46	-	46	59	-	59
- audit of financial statements of subsidiaries pursuant to legislation	160	-	160	155	-	155
- other services relating to taxation	804	-	804	205	-	205
- all other services	274	-	274	-	-	-
Foreign exchange losses/(gains)	2,456	(10)	2,446	(396)	(86)	(482)

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis

Other operating income largely relates to third party rental income

8 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	52 weeks ended 29 March 2008		41 weeks ended 31 March 2007	
	£'000	£'000	£'000	£'000
Current Tax				
UK Corporation Tax on profits of the period	-		-	
Adjustments in respect of previous periods	441		(78)	
Foreign Tax	4,854		497	
Share of Associates Tax	-		28	
Total Current Tax		5,295		447
Deferred Tax				
Origination and reversal of timing differences	434		8	
Adjustments in respect of previous periods	(546)		(35)	
Total Deferred Tax		(112)		(27)
Tax charge on profit/(loss) on ordinary activities		5,183		420

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

8 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting tax charge for period

	52 weeks ended 29 March 2008 £'000	41 weeks ended 31 March 2007 £'000
Profit/(loss) on ordinary activities	3,432	(3,573)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	1,030	(1,072)
Effects of		
Expenses not deductible for tax purposes	1,782	1,141
Differences between depreciation and capital allowances	395	413
Other timing differences	(101)	(11)
State minimum taxes	181	3
Utilisation of tax losses	(251)	(855)
Accrued interest paid in the current or subsequent period	(332)	406
Losses carried forward	3,320	1,906
Tax effect of fair market value adjustments	-	(1,115)
Imputed goodwill and interest deduction	(461)	(279)
Adjustments to tax charge in respect of previous periods	441	(78)
Adjustments in respect of foreign tax rates	270	(40)
Book value of assets disposed of in excess of indexed cost	(923)	-
Share of associates tax	(56)	28
Current tax charge for period	5,295	447

c) Factors that may affect future, current and total tax charges

It has been announced that the corporation tax rate applicable to the Company will change from 30% to 28% from 1 April 2008

The Group has unrecognised tax losses of £45,761,000 (2007 £32,608,000) which will only be recognised when there is sufficient taxable income

9 PROFITS OF HOLDING COMPANY

Of the loss for the 52 week period ended 29 March 2008, a loss of £4,516,000 (41 weeks ended 31 March 2007 £2,109,000) is dealt with in the accounts of A V Co 1 Limited

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

10 INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise of the following

Group	Goodwill £'000	Intellectual Property £'000	Total £'000
Cost			
At 31 March 2007	20,192	28,103	48,295
Additions	968	-	968
Disposals	(7,587)	(5,522)	(13,109)
Foreign exchange differences	-	(181)	(181)
At 29 March 2008	<u>13,573</u>	<u>22,400</u>	<u>35,973</u>
Accumulated amortisation			
At 31 March 2007	655	1,039	1,694
Charge for the period	880	1,457	2,337
Disposals	(431)	(311)	(742)
Foreign exchange differences	3	(56)	(53)
At 29 March 2008	<u>1,107</u>	<u>2,129</u>	<u>3,236</u>
Net Book Value			
At 29 March 2008	<u>12,466</u>	<u>20,271</u>	<u>32,737</u>
At 31 March 2007	<u>19,537</u>	<u>27,064</u>	<u>46,601</u>

The additions to goodwill in the period relates to the following

- i) a correction to the goodwill arising on the acquisition of the Group in the prior period. The correction being due to a reassessment of the fair market value of the Group's property at Smethwick, United Kingdom, and
- ii) the acquisition of 4.83% of the issue share capital of Avery India Limited

The goodwill arising on acquisitions in the period is being amortised on a straight line basis over the following periods

Avery Weigh-Tronix Group Correction	20 years
Avery India Limited	20 years

These periods are the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets

The goodwill disposed of during the period relates to the write off of the portion of the goodwill arising on the acquisition of the Avery Weigh-Tronix Group during the prior period that was attributable to the Retail business whilst the intellectual property disposed of relates to the portion of the "Avery" brand valuation that is attributable to the Retail business

The directors have reviewed the carrying value of the Group's goodwill in accordance with FRS 11, 'Impairment of Fixed Assets and Goodwill'. The review indicated that the carrying value of capitalised goodwill is recoverable and as such no provision for impairment has been made

Intellectual property consists mainly of trademarks and trading names relating to the 'Avery' and 'Weigh-Tronix' brands and are amortised on a straight line basis over 20 and 15 years respectively

There are no intangible fixed assets held by the Company

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

11 TANGIBLE FIXED ASSETS

Group	Freehold Properties	Long Leasehold Properties	Short Leasehold Properties	Plant, machinery, equipment and motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 March 2007	5,889	264	4	11,072	17,229
Additions	-	-	-	3,293	3,293
Disposals	-	(80)	-	(55)	(135)
Disposal of business	-	-	-	(585)	(585)
Reclassification	437	-	-	(437)	-
Adjustment to acquisition fair value	(720)	-	-	-	(720)
Transferred to current assets for resale (see note 14)	(2,735)	-	-	(1,792)	(4,527)
Foreign exchange differences	(14)	-	3	265	254
At 29 March 2008	<u>2,857</u>	<u>184</u>	<u>7</u>	<u>11,761</u>	<u>14,809</u>
Depreciation					
At 31 March 2007	178	5	1	1,760	1,944
Charge for the period	111	6	-	2,699	2,816
Disposals	-	(3)	-	(27)	(30)
Disposal of business	-	-	-	(210)	(210)
Transferred to current assets for resale (see note 14)	-	-	-	(483)	(483)
Foreign exchange differences	22	1	2	250	275
At 29 March 2008	<u>311</u>	<u>9</u>	<u>3</u>	<u>3,989</u>	<u>4,312</u>
Net book amounts					
At 29 March 2008	<u>2,546</u>	<u>175</u>	<u>4</u>	<u>7,772</u>	<u>10,497</u>
At 31 March 2007	<u>5,711</u>	<u>259</u>	<u>3</u>	<u>9,312</u>	<u>15,285</u>

Included in Freehold properties above is land at a cost of £2,460,000 (2007 £3,180,000), which is not subject to depreciation

Plant, machinery, equipment and motor vehicles include assets held under finance leases as follows

	2008 £'000	2007 £'000
Cost	1,990	1,908
Accumulated depreciation	<u>(1,330)</u>	<u>(893)</u>
Net book value	<u>660</u>	<u>1,015</u>

There are no tangible fixed assets held by the Company

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

12 FIXED ASSET INVESTMENTS

Group	Associate Undertakings £'000
Cost	
At 31 March 2007	691
Share of operating profit	211
Share of interest payable	(26)
Foreign exchange differences	11
At 29 March 2008	<u>887</u>
	Shares in Subsidiary Undertakings £'000
Company	
Cost	
At 29 March 2008 and 31 March 2007	<u>24,834</u>

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has derivative financial instruments that it has not recognised at fair value as follows

Interest rate swaps

Issuer	Effective Date of Agreement	Fixed Rate	2008		2007	
			Notional Amount £'000	Fair Value £'000	Notional Amount £'000	Fair Value £'000
HSBC Bank plc	31 October 2006	3 85%	4,028	19	3,411	24 (1)
National Westminster Bank plc	31 October 2006	3 84%	4,028	19	3,411	24 (1)
HSBC Bank plc	31 October 2006	3 85%	-	-	15,541	102 (2)
National Westminster Bank plc	31 October 2006	3 84%	-	-	15,541	105 (2)
			<u>8,056</u>	<u>38</u>	<u>37,904</u>	<u>255</u>

Note

All of the above swaps are denominated in Euros

(1) Swap has a termination date of 31 October 2009

(2) Swap was terminated on 20 September 2007

All of the above swaps are settled semi-annually. The swaps are on a floating to fixed basis and their purpose is to negate interest rate risk relating to interest charges on an initial 75% of the mezzanine loan facility (2007 Term A, Term B, Term C and mezzanine facilities) referred to in note 18

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

14 TANGIBLE ASSETS (HELD AS CURRENT ASSETS)

The tangible assets (held as current assets) relates solely to the property at Smethwick, United Kingdom, which is currently being marketed with a view to a sale

15 STOCKS

	Group 2008 £'000	Group 2007 £'000
Raw materials	3,189	2,886
Work in progress	3,328	3,500
Finished goods and service parts	6,107	10,754
	<u>12,624</u>	<u>17,140</u>

At the balance sheet there were no stocks held by the Company

16 DEBTORS

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade Debtors	20,677	-	29,749	-
Amounts owed by group undertakings	-	54	-	5,162
Other debtors	5,224	96	1,022	20
Prepayments and accrued income	1,162	150	1,364	-
Corporation tax recoverable	-	-	76	-
Deferred tax assets (note 20)	544	-	398	-
	<u>27,607</u>	<u>300</u>	<u>32,609</u>	<u>5,182</u>

All of the above amounts are due within one year

17 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Bank overdrafts (secured, see note 18)	5,324	213	1,263	-
Bank loans (secured, see note 18)	417	-	936	-
Obligations under finance leases (secured, see note 18)	268	-	329	-
Trade creditors	6,338	200	11,902	-
Amounts owed to group undertakings	-	18,543	-	963
Corporation tax	1,971	-	174	-
Other taxation and social security	1,542	-	3,623	-
Other creditors	2,469	-	1,633	-
Accruals and deferred income	16,780	264	19,010	-
	<u>35,109</u>	<u>19,220</u>	<u>38,870</u>	<u>963</u>

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

18 CREDITORS (AMOUNTS FALLING DUE AFTER ONE YEAR)

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Shares classified as liabilities	5,751	5,751	24,995	24,995
Convertible loan notes (unsecured, see below)	5,697	5,697	5,143	5,143
Bank loans (secured, see below)	45,018	-	47,640	-
Other creditors	-	-	182	-
Obligations under finance leases (falling due in less than five years)	707	-	976	-
	<u>57,173</u>	<u>11,448</u>	<u>78,936</u>	<u>30,138</u>

Finance leases are secured on the assets to which they relate

The shares classified as liabilities are 10% cumulative redeemable preference shares of £1 each, repayable on 31 March 2017. The loan notes are 10% fixed rate unsecured convertible loan notes which can be converted into preference shares as and when the Board resolves to do so. On 25 February 2008, 22,000,000 of the 10% cumulative preference shares were repaid to the shareholders at par value (see note 22). The preference shares and the loan notes are each stated net of capitalised finance costs of £29,000 and £175,000 respectively (2007 £426,000 and £195,000 respectively).

Included within the bank loans figure is, inter alia, term loans with the Royal Bank of Scotland plc and HSBC Bank plc. On 20 September 2007, Term Loan Facilities B and C were repaid in full, and a repayment of £1,466,000 was made on Term Loan Facility A. Additionally, on 28 September 2007, a scheduled repayment of £568,000 was made on Term Loan Facility A. On 25 February 2008, under the terms of an amended facilities agreement, the Group drew down £11,000,000 under each of Term Loan Facilities B2 and C2. The borrowings (including the overdraft) are secured on the assets and liabilities of various Group companies as detailed in note 22. Interest is currently charged monthly and is based on EURIBOR and LIBOR plus a margin. At 29 March 2008 the interest rates applicable were 6.63% on term loan facility A, 5.43% on term loan facility B2 and 5.93% on term loan facility C2 (2007 6.28% on term loan facility A, 6.78% on term loan facility B and 7.28% on term loan facility C).

Also included within the bank loans figure is a mezzanine loan facility with European Capital S A R L. Interest is charged six-monthly and is based on EURIBOR plus a margin, with an additional 4% capitalised at six-monthly intervals.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

18 CREDITORS (AMOUNTS FALLING DUE AFTER ONE YEAR) (CONTINUED)

The repayment schedule for the loans is detailed below

	Term A Facility £'000	Term B2 Facility £'000	Term C2 Facility £'000	Mezzanine Loan Facility £'000	Total £'000
Year Ending					
31 March 2009	679	-	-	-	679
31 March 2010	2,479	-	-	-	2,479
31 March 2011	2,292	-	-	-	2,292
31 March 2012	2,728	-	-	-	2,728
31 March 2013	3,164	-	-	-	3,164
31 March 2014	3,274	-	-	-	3,274
31 March 2015	-	10,761	-	-	10,761
31 March 2016	-	-	10,761	10,992	21,753
	<u>14,616</u>	<u>10,761</u>	<u>10,761</u>	<u>10,992</u>	<u>47,130</u>
Less					
Finance costs capitalised	<u>(412)</u>	<u>(487)</u>	<u>(487)</u>	<u>(309)</u>	<u>(1,695)</u>
	<u>14,204</u>	<u>10,274</u>	<u>10,274</u>	<u>10,683</u>	<u>45,435</u>
Due in less than 1 year	417	-	-	-	417
Due in more than 1 year	<u>13,787</u>	<u>10,274</u>	<u>10,274</u>	<u>10,683</u>	<u>45,018</u>
	<u>14,204</u>	<u>10,274</u>	<u>10,274</u>	<u>10,683</u>	<u>45,435</u>

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

19 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Redundancy £'000	Warranty £'000	Other £'000	Total £'000
At 31 March 2007	1,794	665	1,235	3,694
Charge to the profit and loss account for the period	1,130	493	282	1,905
Utilised during the period	(2,872)	(599)	(559)	(4,030)
Disposal of business	-	(252)	-	(252)
Exchange difference	15	7	(12)	10
At 29 March 2008	<u>67</u>	<u>314</u>	<u>946</u>	<u>1,327</u>

The charge to the profit and loss account in respect of redundancy relates to

- an efficiency programme in the UK service business,
- a payment to a former director of a subsidiary of the Company, and
- UK route to market reorganisation

The provision for product warranties recognises expected claims against product guarantees on products sold during the last financial year

Other provisions largely pertain to dilapidations and other property related provisions

It is expected that all of the expenditure relating to the warranty provisions will be incurred in the next financial year and expenditure relating to other provisions will mostly be incurred within two years of the balance sheet date. None of the above provisions have been discounted since the effect of discounting is not material.

At the balance sheet date the Company had no provisions for liabilities and charges.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

20 DEFERRED TAX

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
The deferred tax asset is broken down as follows				
Accelerated capital allowances	37	-	(31)	-
Short term timing difference	507	-	429	-
Pension scheme timing differences (see note 21)	176	-	153	-
Total deferred tax asset	<u>720</u>	<u>-</u>	<u>551</u>	<u>-</u>

The movement on deferred tax comprises

Deferred Tax Asset at 31 March 2007	551	-	522	-
Deferred tax credit in profit and loss account for period (note 8)	112	-	27	-
Amount credited to statement of total recognised gains and losses	23	-	-	-
Foreign exchange differences	34	-	2	-
Deferred Tax Asset at 29 March 2008	<u>720</u>	<u>-</u>	<u>551</u>	<u>-</u>

Deferred tax assets have been recognised where it is believed with reasonable certainty that the amount will be recoverable

No provision has been made for the deferred tax asset on losses carried forward arising primarily in the Netherlands and certain UK entities. At present, it is not envisaged that these losses will be available for set off against the Group's future profits. The total gross tax losses arising, for which deferred tax assets have not been recognised, amounts to approximately £42 million (2007: £33 million)

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

21 PENSION COMMITMENTS

Defined contribution schemes

The Group operates a defined contribution scheme in the UK for which the pension cost charge for the 52 weeks ended 29 March 2008 amounted to £1,837,000 (41 weeks ended 31 March 2007 £1,468,000)

The Group operates a number of other defined contribution schemes in various jurisdictions for which the pension cost charge for the 52 weeks ended 29 March 2008 amounted to £644,000 (41 weeks ended 31 March 2007 £290,000)

Outstanding contributions on these schemes at 29 March 2008 were £128,000 and £251,000 for the UK and other jurisdictions respectively (31 March 2007 £206,000 and £42,000 respectively)

Other Pension Schemes

The Group has a number of other funded and unfunded, defined benefit pension schemes and post retirement benefit schemes around the world. The weighted average assumptions used by the actuaries to calculate the net pension liabilities for these schemes are shown in the table below

	29 March 2008	31 March 2007	31 July 2006
	%	%	%
Rate of increase in pensionable salaries	3.6	3.2	3.9
Discount rate	6.8	5.9	6.0
Price inflation	<u>2.4</u>	<u>2.3</u>	<u>2.3</u>

For the two largest schemes, i.e., in Ireland and India, the most recent actuarial valuations are 30 September 2003 and 31 March 2008 respectively. For Ireland, the valuation is updated every year by professional actuaries.

A V CO 1 LIMITED

NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

21 PENSION COMMITMENTS (CONTINUED)

Summary of all overseas defined benefit schemes

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from the cash flow projections over long periods and thus inherently uncertain, were

	Long Term Rate of Return Expected 29 March 2008 %	Value at 29 March 2008 £'000 £'000	Long Term Rate of Return Expected 31 March 2007 %	Value at 31 March 2007 £'000 £'000	Long Term Rate of Return Expected 31 July 2006 %	Value at 31 July 2006 £'000 £'000
Investments held by						
Ireland Pension Scheme	6.5	1,108	6.4	1,125	6.4	977
India Pension Scheme	8.4	581	7.0	596	7.5	499
Total market value of assets		1,689		1,721		1,476
Present value of scheme liabilities						
Ireland Pension Scheme		(1,203)		(1,071)		(1,032)
India Pension Scheme		(660)		(684)		(667)
Other schemes and retirement benefits		(857)		(958)		(835)
Total scheme liabilities		(2,720)		(2,713)		(2,534)
Non-recoverable surplus		-		(53)		-
Pension liability before deferred tax		(1,031)		(1,045)		(1,058)
Related deferred tax asset		176		153		148
Net pension liability		(855)		(892)		(910)

Deferred tax assets of approximately £99,000 (2007 £161,000) have not been recognised in view of the uncertainty over the recovery of such assets

Movement in deficit during the period

	2008 £'000	2007 £'000
Deficit in schemes at beginning of period	(1,045)	(1,058)
Current year service cost	(76)	(62)
Prior year service cost	(50)	-
Contributions	109	298
Other finance expenses	(44)	(59)
Actuarial loss	(58)	(163)
Disposals	211	-
Exchange differences	(78)	(1)
Deficit in schemes at end of the period	(1,031)	(1,045)

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

21 PENSION COMMITMENTS (CONTINUED)

Analysis of total amount charged to operating (loss)/profit in respect of defined benefit schemes

	2008 £'000	2007 £'000
Current service cost	(76)	(62)

Analysis of the amount credited/(debited) to other finance costs

	2008 £'000	2007 £'000
Expected return on pension scheme assets	116	37
Interest on pension scheme liabilities	(160)	(96)
	(44)	(59)

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

	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(222)	134
Experience losses arising on the schemes' liabilities	(71)	(288)
Changes in assumptions underlying the present value of the scheme liabilities	180	44
Unrecognised surplus loss	55	(53)
Actuarial losses recognised in statement of total recognised gains and losses	(58)	(163)

History of experience gains and losses.

	2008	2007
Difference between the expected and actual return on scheme assets		
Amount (£'000)	(222)	134
Percentage of scheme assets	(13.1%)	7.8%
Experience gains and losses on scheme liabilities		
Amount (£'000)	(71)	(288)
Percentage of the present value of scheme liabilities	2.6%	10.6%
Total actuarial loss in the statement of total recognised gains and losses		
Amount (£'000)	(58)	(163)
Percentage of the present value of scheme liabilities	(2.1%)	(6.0%)

Future contributions

It is estimated that the total contributions to be paid within the next 12 months in respect of the defined benefit schemes and other post retirement schemes will amount to £382,000 (2007 £270,000)

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

22 CONTINGENT LIABILITIES

The Company, together with certain other members of the Group, is party to a €13,170,000 mezzanine facility agreement dated 31 July 2006 under which a mezzanine loan was made available by European Capital SARL. The Company, together with certain other members of the Group, is also party to a €76,460,000 senior multicurrency term and revolving facilities agreement, originally dated 31 July 2006 and subsequently amended on 26 October 2006 and again on 8 February 2008, under which financial facilities are made available by The Royal Bank of Scotland plc and HSBC Bank plc. The Company, together with certain other members of the Group, has, under both of these agreements, guaranteed the payment obligations of each borrower within the Group. In addition the Company has granted a fixed and floating charge over its assets in favour of European Capital SARL, The Royal Bank of Scotland plc and HSBC Bank plc.

During the year, the following major transactions took place under the €76,460,000 senior multicurrency term and revolving facilities agreement:

- i) On 20 September 2007, Term Loan Facilities B and C were repaid in full, and a repayment of £1,466,000 was made on Term Loan Facility A,
- ii) On 28 September 2007, a scheduled repayment of £568,000 was made on Term Loan Facility A, and
- iii) On 25 February 2008, the Group drew down £11,000,000 under each of Term Loan Facilities B2 and C2. On 27 February 2008, Term Loan Facilities B2 and C2 were redenominated into United States Dollars.

The indebtedness guaranteed, comprises of the following balances:

	29 March 2008 £'000	31 March 2007 £'000	(note)
Term Loan Facility A	14,616	14,604	1
Term Loan Facility B	-	13,418	2
Term Loan Facility B2	10,761	-	3
Term Loan Facility C	-	13,418	4
Term Loan Facility C2	10,761	-	5
Mezzanine Loan Facility	10,992	9,127	6
Euro 12.5% senior subordinated term notes	-	14	7
	47,130	50,581	

Note

All of the guaranteed indebtedness is denominated in Euros, except for Term Loan Facilities B2 and C2 which are denominated in United States Dollars.

- (1) Term Loan Facility A is repayable over six years, with the final repayment on 31 March 2014.
- (2) Term Loan Facility B was repaid in full on 20 September 2007.
- (3) Term Loan Facility B2 is repayable on 31 March 2015.
- (4) Term Loan Facility C was repaid in full on 20 September 2007.
- (5) Term Loan Facility C2 is repayable on 31 March 2016.
- (6) Mezzanine loan facility is repayable on 31 March 2016.
- (7) Euro 12.5% senior subordinated term notes were repaid in full on 16 July 2007.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

23 CALLED-UP SHARE CAPITAL

During the period, the following transactions took place

- (i) 132,000 "B" ordinary shares of 10p each were issued for a consideration of 50p each (total £66,000),
- (ii) On 20 February 2008, the High Court sanctioned a £22,000,000 reduction in the authorised share capital, by the cancellation of 22,000,000 of the 10% cumulative redeemable preference shares of £1 each, and
- (iii) On 25 February 2008, the issued preference share capital was reduced from £23,809,091 to £1,809,091 by the return of the said capital to the registered preference shareholders at par value

The authorised and allocated share capital of the Company is as follows

	2008 £'000	2007 £'000
Authorised		
A ordinary shares of 10p each	158	158
B ordinary shares of 10p each	60	60
10% cumulative redeemable preference shares of £1 each	6,809	28,809
	<u>7,027</u>	<u>29,027</u>
Allotted, called up and fully paid		
A ordinary shares of 10p each	158	158
B ordinary shares of 10p each	60	47
10% cumulative redeemable preference shares of £1 each	1,809	23,809
	<u>2,027</u>	<u>24,014</u>
Shares classified as liabilities	1,809	23,809
Shares classified in shareholders' funds	218	205
	<u>2,027</u>	<u>24,014</u>

The Company will redeem the 10% cumulative redeemable preference shares for cash on 31 March 2017. Prior to this date, the preference shareholders can demand redemption upon one or other certain events taking place, most notably a sale of the Company or any default on the Group's debt obligations. The amount payable on redemption will be a sum equal to the paid up amount of each share plus all arrears and accruals of the preference dividend.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

24 RESERVES

	Profit and Loss Account (Deficit)		Share Premium Group & Company
	Group 2008 £'000	Company 2008 £'000	2008 £'000
Opening Reserves	(6,159)	(2,109)	820
Retained loss for the period	(2,141)	(4,516)	-
Actuarial losses recognised in the pension scheme	(58)	-	-
Movement on deferred tax relating to pension liability	23	-	-
Premium on shares issued	-	-	53
Net exchange adjustments	3,888	-	-
Closing Reserves	<u>(4,447)</u>	<u>(6,625)</u>	<u>873</u>

	Group 2008 £'000	Company 2008 £'000
Profit and loss reserve excluding pension liabilities	(3,592)	(6,625)
Pension liabilities (net of deferred tax)	<u>(855)</u>	<u>-</u>
Profit and loss reserve including pension liabilities	<u>(4,447)</u>	<u>(6,625)</u>

25 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' DEFICIT

	Group 2008 £'000	Company 2008 £'000
Opening shareholders' deficit	(5,134)	(1,084)
Loss for the financial period and retained loss	(2,141)	(4,516)
Issue of share capital	13	13
Share premium on shares issued	53	53
Other recognised gains and losses for the financial period	<u>3,853</u>	<u>-</u>
Closing shareholders' deficit	<u>(3,356)</u>	<u>(5,534)</u>

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

26 RECONCILIATION OF MOVEMENTS IN MINORITY INTERESTS

	31 March 2008 £'000
Opening minority interest	2,529
Acquisition of minority shareholding (see below)	(295)
Profit for the financial period	390
Currency translation adjustment	8
Closing minority interest	<u>2,632</u>

During the year, the Group acquired 4 83% of the minority shareholding in Avery India Limited for a consideration of £543,000 (including costs), resulting in goodwill of £248,000. At 29 March 2008, the Group held 58 27% (31 March 2007 53 44%) of the ordinary share capital of Avery India Limited.

27 CASH FLOW FROM OPERATING ACTIVITIES

	52 weeks ended 29 March 2008 Group £'000	41 weeks ended 31 March 2007 Group £'000
Operating profit	1,407	1,624
Depreciation charge	2,816	2,349
Intangible amortisation	2,337	1,690
Unrealised loss/(gain) on foreign exchange	2,572	(482)
(Increase)/decrease in stock	(3,017)	870
Decrease/(increase) in debtors	1,075	(2,322)
(Decrease)/increase in creditors	(2,093)	3,156
(Decrease)/increase in liability provisions	(2,125)	1,502
Difference between pension charge and cash contributions	17	(236)
Net cash inflow from operating activities	<u>2,989</u>	<u>8,151</u>

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

28 RECONCILIATION OF MOVEMENT IN DEBT NET OF ISSUE COSTS

	At 31 March 2007 (see note 27) £'000	Cashflow £'000	Non-Cash Movement £'000	Exchange Movement £'000	At 29 March 2008 £'000
Cash at bank and in hand	4,797	(2,472)	-	(309)	2,016
Overdrafts	(1,263)	(4,068)	-	7	(5,324)
	<u>3,534</u>	<u>(6,540)</u>	<u>-</u>	<u>(302)</u>	<u>(3,308)</u>
Net Debt					
Debt due within 1 year	(936)	936	(417)	-	(417)
Debt due after 1 year	(77,778)	29,721	(4,573)	(3,836)	(56,466)
Finance leases due within 1 year	(329)	330	(269)	-	(268)
Finance leases due after 1 year	(976)	-	269	-	(707)
	<u>(80,019)</u>	<u>30,987</u>	<u>(4,990)</u>	<u>(3,836)</u>	<u>(57,858)</u>
Liquid resources	<u>2,664</u>	<u>493</u>	<u>-</u>	<u>171</u>	<u>3,328</u>
	<u>(73,821)</u>	<u>24,940</u>	<u>(4,990)</u>	<u>(3,967)</u>	<u>(57,838)</u>

Liquid resources comprise short-term deposits with banks, which mature within 12 months of the date of inception, and government and low risk listed company securities

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

29 CAPITAL COMMITMENTS

Group capital commitments at 29 March 2008 were £129,000 (31 March 2007 £201,000) The Company had no capital commitments at 29 March 2008 (31 March 2007 £nil)

30 OPERATING LEASE COMMITMENTS

At 29 March 2008 the Group had annual commitments under operating leases which expire as follows

	29 March 2008		31 March 2007	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Group				
Within one year	220	114	128	345
Within 2 to 5 years	1,020	839	844	898
After 5 years	91	103	150	-
	<u>1,331</u>	<u>1,056</u>	<u>1,122</u>	<u>1,243</u>

Several of the leases for land and buildings are subject to rent review over various periods of time
At 29 March 2008 the Company had no annual commitments under operating leases (2007 £nil)

31 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is American Capital Strategies Limited, a company registered in the state of Delaware, USA

No other group financial statements include the results of the Company

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

32 PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

a) Subsidiary Undertakings

The principal operating subsidiaries within the A V Co 1 Group are shown below. The Company owns 100% of the ordinary share capital of all the companies, with the exception of Avery India Limited, of which the Company owns 58.27% (2007: 53.44%) of the ordinary share capital. Avery India Limited owns 100% of the ordinary share capital of Salter India Private Limited.

All subsidiaries are included in the consolidated accounts.

Company Name	Country of Incorporation and operation
Avery Weigh-Tronix Limited	United Kingdom
Avery Malaysia Sdn Bhd	Malaysia
Berkel (Ireland) Limited	Ireland
Avery India Limited	India
Avery Weigh-Tronix France S A S	France
Avery Weigh-Tronix B V	Netherlands
Schemer Ges m b H	Austria
Weigh-Tronix Canada, ULC	Canada
Avery Weigh-Tronix, LLC	USA
Salter India Private Limited	India
Avery Weigh-Tronix Private Limited	India
Avery Weigh-Tronix (Suzhou) Co Limited	China

b) Associated Undertaking

Company Name	Country of Incorporation and operation	Proportion of share capital held
Constructora de Basculas S A de C V	Mexico	49%

In the opinion of the Directors the aggregate value of the Company's investment consisting of shares in, or amounts owing from its subsidiaries and associates is not less than the aggregate amounts at which they are stated in the Balance Sheet.

All operating subsidiaries and associates are engaged in the manufacture, sale and service of weighing machines, slicers and other food processing equipment and systems.

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

33 RELATED PARTY TRANSACTIONS

The Group has transactions and balances with its associated company as follows

	2008 £'000	2007 £'000
Sales to associated company		
Constructora De Basculas SA de CV	324	346
Amounts due from associated company		
Constructora De Basculas SA de CV	-	186

The Company had no sales or purchases to or from fellow subsidiary companies in the 52 weeks ended 29 March 2008 (41 weeks ended 31 March 2007 £nil) The company did, however, accrue interest income of £84,000 and interest expense of £168,000 (2007 accrued income of £218,000) on loans due from and to fellow subsidiary undertakings

The Group incurred costs with the following companies which are subsidiaries of the ultimate parent undertaking, American Capital Strategies Limited

European Capital SARL

Interest of £956,000 (2007 £627,790) was charged to the Group in respect of the €13,170,000 mezzanine facility agreement (see note 18) with a further £393,000 (2007 £180,000) of interest being accrued on the principal balance of the mezzanine facility

In the period ended 31 March 2007, a total of £3,373,000 of costs were charged to the Group in relation to the 31 July 2006 acquisition of the Avery Weigh-Tronix Holdings Limited group Of these costs, £694,000 were included within goodwill on acquisition, with the remaining £2,679,000 being set off against net debt as financing expenses

Also in the period ended 31 March 2007, interest of £632,779 was charged to the Group in respect of the €76,460,000 senior multicurrency term and revolving facilities agreement (see note 18) for the period from 31 July 2006 to 26 October 2006, at which point the facilities were fully syndicated by European Capital SARL to HSBC Bank plc and National Westminster Bank plc

European Capital SICAR

A management fee of £200,000 (2007 £133,000) has been included in the Group profit and loss account for the period Of this amount, £nil (2007 £50,000) was included within accruals at the balance sheet date

Interest charges of £2,359,000 and £534,000 (2007 £1,612,000 and £339,000) were accrued by the Group onto the 10% cumulative redeemable preference shares (see note 18) and the 10% fixed rate unsecured loan notes (see note 18) respectively

European Capital Financial Services Limited

Agency fees totalling £90,000 (2007 £90,000) have been charged to the Group during the period

A V CO 1 LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29 MARCH 2008

34 GROUP PROFORMA PROFIT AND LOSS ACCOUNTS

The proforma profit and loss account below shows the pre-taxation and minority interest results of the Avery Weigh-Tronix Group in the current year and the Group in the prior year as if it had been in existence for the whole year up to the balance sheet date, thereby giving comparable year on year profit and loss accounts for the year ended 29 March 2008

	52 weeks ended 29 March 2008			52 weeks ended 31 March 2007		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Turnover	116,036	18,129	134,165	110,818	39,663	150,481
Cost of sales	(79,212)	(12,829)	(92,041)	(75,366)	(27,532)	(102,898)
Add back one off project costs included in cost of sales	904	-	904	539	-	539
Gross Profit	37,728	5,300	43,028	35,991	12,131	48,122
Distribution costs	(10,220)	(2,101)	(12,321)	(11,683)	(4,444)	(16,127)
Administrative expenses	(17,617)	(1,638)	(19,255)	(17,900)	(4,182)	(22,082)
Other operating income	538	-	538	295	-	295
Profit on sale of plant and machinery	15	-	15	44	-	44
Add back one off project costs included in administrative expenses	-	-	-	426	-	426
Earnings Before Interest, Tax, Depreciation and Amortisation	10,444	1,561	12,005	7,173	3,505	10,678
One off project costs	(904)	-	(904)	(965)	-	(965)
Foreign exchange (loss)/gain on debt	(2,703)	5	(2,698)	894	(11)	883
Redundancy Costs	(920)	-	(920)	(2,180)	(499)	(2,679)
Other restructuring costs	(908)	-	(908)	(599)	-	(599)
Depreciation	(2,769)	(47)	(2,816)	(3,285)	(136)	(3,421)
Amortisation	(2,009)	(328)	(2,337)	(1,338)	(401)	(1,739)
Group operating (loss)/profit	231	1,191	1,422	(300)	2,458	2,158
Share of operating profit in associates	211	-	211	154	-	154
Total operating (loss)/profit	442	1,191	1,633	(146)	2,458	2,312