

AWS GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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AWS GROUP HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

J P Weston
P Deehan
A S Keane
D A Tucker

SECRETARY

A S Keane

COMPANY NUMBER

06526542

REGISTERED OFFICE

Unit 2
Offerton Barns Business Centre
Offerton Lane
Hindlip
Worcestershire
WR3 8SX

AUDITORS

PKF (UK) LLP
New Guild House
45 Great Charles Street
Queensway
Birmingham
B3 2LX

AWS GROUP HOLDINGS LIMITED

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AWS GROUP HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010

The directors present their report and the financial statements for the year ended 30 June 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the group for the period under review was that of the manufacture of electronic equipment.

BUSINESS REVIEW

On a 12 month rolling basis the level of activity within the group has been reasonably stable despite the economic climate. The performance of the business has been in line with directors' expectations. The group enjoys the continued support of its investors and bank and sees a positive outlook for the business going forward with order book levels growing significantly both during the year and since the year end.

The intention of the group remains one of growth by a combination of acquisition and market penetration.

In assessing the performance of the business the directors consider a number of KPIs are key and monitor performance against them. These include turnover, prime and gross margin, EBITDA, working capital turn (debtors, stock and creditors), cash against facilities, order book and employment levels.

AWS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

RISKS AND UNCERTAINTIES FACING THE GROUP

- Our success is dependent on the success of our customers. The group has a broad range of customers serving a wide range of market sectors.
- Our ability to maintain and grow the customer base is closely linked to the quality of the manufacturing service provided. The group takes all reasonable steps to ensure quality standards are maintained.

RESULTS AND DIVIDENDS

The group loss for the period after taxation amounted to £1,030,546 (2009: loss of £1,571,088).

DIRECTORS

The directors who served during the year were:

J P Weston
P Deehan
A S Keane
D A Tucker

FINANCIAL INSTRUMENTS

The group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital and acquisitions through retained earnings, fixed rate borrowings, shareholder and vendor loan notes and bank borrowings at prevailing market rates with a proportion subject to an interest rate swap and to fix the sterling value of export sales when a contract is signed and forward purchase currency, as necessary, to cover the cost of imported raw materials. The group does not use hedge accounting. Its policy is, in the main, to finance fixed assets through its cash resources and lease finance.

The group's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases. The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

AWS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

RESEARCH AND DEVELOPMENT ACTIVITIES

The group undertakes product design and development activities when required for its customers. In such cases the intellectual property arising is generally the sole property of the customer. The group does not undertake product design and development for its own purposes. It does, however, in the normal course of its business undertake the development and refinement of its manufacturing processes.

EMPLOYEES

The group recognises that a loyal and highly skilled workforce is essential to the future of the business. During the year, the policy of providing employees with information about the group has continued and employees are encouraged to present their suggestions. Regular meetings are held between management and employee representatives and committees to allow a free flow of information.

The group recognises its obligations towards disabled people. Our policy is to give full and fair consideration to every employment application from disabled persons, having regard to their particular aptitudes and abilities and to give equal opportunities to disabled employees, with other employees, for training, career development and promotion. Every practicable effort is made to continue the employment of or arrange appropriate training for employees who become disabled.

PROVISION OF INFORMATION TO AUDITORS

So far as each of the directors is aware at the time the report is approved:

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

This report was approved by the board, and signed on its behalf, on 28 February 2011



P Deehan
Director

AWS GROUP HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AWS GROUP HOLDINGS LIMITED

We have audited the financial statements of AWS Group Holdings Limited for the year ended 30 June 2010 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the group's and the parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AWS GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AWS GROUP HOLDINGS LIMITED (Continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Tobias Stephenson (Senior statutory auditor)
for and on behalf of
PKF (UK) LLP, Statutory auditors

Birmingham, UK

28 February 2011

AWS GROUP HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010**

| | | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|--|--------------|---------------------------------------|---|
| TURNOVER | Note 1, 2 | 31,537,024 | 25,675,903 |
| Cost of sales | | (23,880,216) | (18,985,833) |
| GROSS PROFIT | | 7,656,808 | 6,690,070 |
| Administrative expenses | | (6,919,909) | (6,047,969) |
| Exceptional administrative expenses | 3 | (89,129) | (578,433) |
| Total administrative expenses | | (7,009,038) | (6,626,402) |
| OPERATING PROFIT | 3 | 647,770 | 63,668 |
| Interest receivable | | - | 6,186 |
| Interest payable | 7 | (1,589,036) | (1,606,577) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (941,266) | (1,536,723) |
| Tax on loss on ordinary activities | 8 | (89,280) | (34,365) |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | 18 | (1,030,546) | (1,571,088) |

All amounts relate to continuing operations

There were no recognised gains and losses other than those included in the profit and loss account

The notes on pages 10 to 25 form part of these financial statements

AWS GROUP HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

| | Note | 2010 £ | 2009 £ |
|--|------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 9 | 16,977,851 | 17,946,810 |
| Tangible fixed assets | 10 | 793,382 | 964,025 |
| | | <u>17,771,233</u> | <u>18,910,835</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | 4,729,184 | 3,436,730 |
| Debtors | 13 | 6,737,166 | 5,528,144 |
| Cash at bank and in hand | | - | 1,103,708 |
| | | <u>11,466,350</u> | <u>10,068,582</u> |
| CREDITORS: amounts falling due within one year | 14 | <u>(11,623,092)</u> | <u>(8,520,678)</u> |
| NET CURRENT (LIABILITIES) / ASSETS | | <u>(156,742)</u> | <u>1,547,904</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>17,614,491</u> | <u>20,458,739</u> |
| CREDITORS: amounts falling due after more than one year | 15 | <u>(16,467,290)</u> | <u>(21,966,848)</u> |
| NET ASSETS / (LIABILITIES) | | <u>1,147,201</u> | <u>(1,508,109)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 3,736,954 | 51,098 |
| Share premium account | 18 | 11,881 | 11,881 |
| Profit and loss account | 18 | <u>(2,601,634)</u> | <u>(1,571,088)</u> |
| SHAREHOLDERS' FUNDS / (DEFICIT) | 19 | <u>1,147,201</u> | <u>(1,508,109)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2011



P Deehan
Director

The notes on pages 10 to 25 form part of these financial statements

AWS GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET
AS AT 30 JUNE 2010

| | Note | 2010 £ | 2009 £ |
|--|------|-------------------------|---------------------------|
| FIXED ASSETS | | | |
| Fixed asset investments | 11 | 14,043,818 | 14,043,818 |
| CURRENT ASSETS | | | |
| Debtors | 13 | 5,245,833 | 6,864,590 |
| Cash in hand | | 2,420 | 597,970 |
| | | <u>5,248,253</u> | <u>7,462,560</u> |
| CREDITORS: amounts falling due within one year | 14 | <u>(2,277,640)</u> | <u>(2,016,388)</u> |
| NET CURRENT ASSETS | | <u>2,970,613</u> | <u>5,446,172</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 17,014,431 | 19,489,990 |
| CREDITORS: amounts falling due after more than one year | 15 | <u>(15,890,475)</u> | <u>(20,753,728)</u> |
| NET ASSETS / (LIABILITIES) | | <u>1,123,956</u> | <u>(1,263,738)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 3,736,954 | 51,098 |
| Share premium account | 18 | 11,881 | 11,881 |
| Profit and loss account | 18 | <u>(2,624,879)</u> | <u>(1,326,717)</u> |
| SHAREHOLDERS' FUNDS / (DEFICIT) | 19 | <u>1,123,956</u> | <u>(1,263,738)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2011



P Deehan
Director

The notes on pages 10 to 25 form part of these financial statements

AWS GROUP HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

| | | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|--|------|---------------------------------------|---|
| | Note | | |
| Net cash flow from operating activities | 20 | 1,786,441 | 1,640,151 |
| Returns on investments and servicing of finance | 21 | (684,712) | (542,294) |
| Taxation | | (59,675) | (433,478) |
| Capital expenditure and financial investment | 21 | (110,567) | 38,320 |
| Acquisitions and disposals | 21 | - | (13,502,992) |
| CASH OUTFLOW BEFORE FINANCING | | 931,487 | (12,800,293) |
| Financing | 21 | (2,402,956) | 13,904,001 |
| (DECREASE)/INCREASE IN CASH IN THE PERIOD | | (1,471,469) | 1,103,708 |

**CONSOLIDATED RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET DEBT FOR THE PERIOD ENDED 30 JUNE 2009**

| | | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|--|----|---------------------------------------|---|
| (Decrease)/increase in cash in the period | | (1,471,469) | 1,103,708 |
| Cash outflow/(inflow) from decrease/(increase) in debt and lease financing | | 2,402,956 | (13,904,001) |
| CHANGE IN NET DEBT RESULTING FROM CASH FLOWS | | 931,487 | (12,800,293) |
| New finance leases | | (140,331) | (280,600) |
| Other non-cash movements | | 2,872,722 | (8,072,660) |
| Loans and finance leases acquired with subsidiary | | - | (2,259,688) |
| MOVEMENT IN NET DEBT IN THE PERIOD | | 3,663,878 | (23,413,241) |
| Net debt as 1 July 2009 | | (23,413,241) | - |
| NET DEBT AT 30 JUNE 2010 | 22 | (19,749,363) | (23,413,241) |

Certain items in the comparative consolidated reconciliation of net cash flow to movement in net debt have been restated to include rolled up interest, of £872,813 within net debt

The notes on pages 10 to 25 form part of these financial statements

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

At 30 June 2010 the consolidated balance sheet reflected net current liabilities of £156,742. Included in creditors falling due within one year, as detailed in note 14, is an amount of £1,375,289 which, although showing as due within one year, is subject to the terms of the inter-creditor agreement between the group bankers and certain loan note holders and will not be paid within 12 months without the prior approval of the group's bankers. In addition the directors of the group have prepared cash flow forecasts to 31 December 2011 and have considered the period up to 12 months after the accounts are signed which indicates the group has sufficient funding to meet their liabilities as they fall due, based on facilities agreed with the group's bankers. On the basis of the above the directors have formed a judgement that it is appropriate to prepare the financial statements on the going concern basis.

1.2 BASIS OF CONSOLIDATION

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

The comparative results for 2009 include the results of AWS Group Holdings Limited from its date of incorporation, 6 March 2008, to 30 June 2009 and its subsidiaries from the date of acquisition, 15 September 2008, to 30 June 2009.

The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of during the year are included from the effective date of acquisition or up to the date of disposal. The difference between the consideration given for a subsidiary undertaking and the fair value of the assets and liabilities acquired is capitalised as goodwill and amortised over its expected useful life.

1.3 TURNOVER

Turnover comprises revenue recognised by the group in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Income is recognised on despatch of goods or provision of services.

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account on a straight line basis over its estimated economic life of 20 years.

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

| | | |
|-----------------------------------|----------|--------------------|
| Leasehold property improvement | - | over term of lease |
| Plant and machinery | - 25% | straight line |
| Motor vehicles | - 25% | straight line |
| Furniture, fittings and equipment | - 25-33% | straight line |
| Computer equipment | - 33% | straight line |

1.6 INVESTMENTS

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

1.7 LEASING AND HIRE PURCHASE

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

1.8 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 STOCKS AND WORK IN PROGRESS

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

1.10 DEFERRED TAXATION

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

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. ACCOUNTING POLICIES (continued)

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

Deferred tax assets and liabilities are not discounted

1 11 FOREIGN CURRENCIES

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

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

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

1 12 PENSIONS

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the period

1 13 RESEARCH AND DEVELOPMENT

Research and development costs are expensed to the profit and loss account as incurred

1 14 FINANCE COSTS

Finance costs of debt are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount. The related debt is stated net of finance costs

2. TURNOVER

A geographical analysis of turnover is as follows

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|----------------|--|--|
| United Kingdom | 29,936,018 | 24,431,598 |
| Rest of world | 1,601,006 | 1,244,305 |
| | <u>31,537,024</u> | <u>25,675,903</u> |

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. OPERATING PROFIT

The operating profit is stated after charging

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|--|---------------------------------------|---|
| Amortisation – intangible fixed assets | 968,959 | 767,092 |
| Depreciation of tangible fixed assets | | |
| - owned by the company | 332,759 | 377,071 |
| - held under finance leases | 88,782 | 69,892 |
| Exceptional administration costs | 89,129 | 578,433 |
| Operating lease rentals | | |
| - other operating lease | 356,396 | 317,672 |
| Difference on foreign exchange | 3,647 | 5,881 |

Exceptional costs relate to the reorganisation costs covering redundancy and moving costs incurred following rationalisations undertaken during the year and previous years

4. AUDITORS' REMUNERATION

| | Year Ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|---|---------------------------------------|---|
| Fees payable to the company's current auditor | | |
| For the audit of the parent company's annual accounts | 6,000 | 6,000 |
| For the audit of the subsidiary companies' accounts | 42,000 | 42,000 |
| Other services relating to tax services | 12,950 | 15,530 |
| Other services | 22,400 | 36,000 |

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|-----------------------|---------------------------------------|---|
| Wages and salaries | 7,207,770 | 6,424,114 |
| Social security costs | 607,009 | 506,450 |
| Other pension costs | 107,461 | 62,874 |
| | 7,922,240 | 6,993,438 |

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

5. STAFF COSTS (continued)

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

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 No. |
|---------------------|---------------------------------------|---|
| Direct Operatives | 263 | 278 |
| Indirect Operatives | 126 | 141 |
| | <u>389</u> | <u>419</u> |

6 DIRECTORS' REMUNERATION

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|-----------------------|---------------------------------------|---|
| Emoluments | 398,283 | 300,207 |
| Pension contributions | 33,108 | 24,831 |
| | <u>431,391</u> | <u>325,038</u> |

The highest paid director received remuneration of £193,208 (2009 £133,746) and pension contributions of £20,700 (2009 £15,525)

7. INTEREST PAYABLE

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|---|---------------------------------------|---|
| On bank loans and overdrafts | 603,378 | 627,113 |
| On other loans | 882,926 | 876,551 |
| On finance leases and hire purchase contracts | 16,056 | 7,655 |
| Other interest payable | - | 26,631 |
| Amortisation of debt issue costs | 86,676 | 68,627 |
| | <u>1,589,036</u> | <u>1,606,577</u> |

Included above are interest costs amounting to £817,648 (2009 £872,813) which were unpaid at the year end

AWS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

8. TAXATION

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|--|---------------------------------------|---|
| ANALYSIS OF TAX CHARGE IN THE PERIOD | | |
| CURRENT TAX (see note below) | | |
| UK corporation tax charge on profit for the period | 90,184 | 75,000 |
| Adjustment in respect of prior years | (15,325) | - |
| TOTAL CURRENT TAX | <u>74,859</u> | <u>75,000</u> |
| DEFERRED TAX (see note 16) | | |
| Origination and reversal of timing differences | <u>14,421</u> | <u>(40,635)</u> |
| TAX ON LOSS ON ORDINARY ACTIVITIES | <u>89,280</u> | <u>34,365</u> |

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

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

| | Year ended 30 June 2010 £ | Period ended 30 June 2009 £ |
|---|---------------------------------------|---|
| Loss on ordinary activities before tax | <u>(941,266)</u> | <u>(1,536,723)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% | <u>(263,554)</u> | <u>(430,282)</u> |
| EFFECTS OF | | |
| Expenses not deductible for tax purposes | 9,815 | 45,430 |
| Depreciation for year in excess of capital allowances | 40,408 | 103,506 |
| Amortisation of goodwill | 250,706 | 217,795 |
| Short term timing differences | 81,317 | - |
| Tax charged at lower rate | (4,158) | - |
| Adjustment in respect of prior years | (15,325) | - |
| Difference on foreign tax rate | (7,000) | 2,332 |
| Other timing differences | 3,819 | 136,219 |
| Utilisation of tax losses | (21,169) | - |
| CURRENT TAX CHARGE FOR THE PERIOD (see note above) | <u>74,859</u> | <u>75,000</u> |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

AWS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

9. INTANGIBLE FIXED ASSETS

| GROUP | Purchased goodwill £ | Goodwill £ | Total £ |
|---------------------------------|-------------------------------------|-----------------------|--------------------|
| COST | | | |
| At 1 July 2009 and 30 June 2010 | <u>806,350</u> | <u>17,907,552</u> | <u>18,713,902</u> |
| AMORTISATION | | | |
| At 1 July 2009 | 58,251 | 708,841 | 767,092 |
| Charge for the period | <u>73,580</u> | <u>895,379</u> | <u>968,959</u> |
| At 30 June 2010 | <u>131,831</u> | <u>1,604,220</u> | <u>1,736,051</u> |
| NET BOOK VALUE | | | |
| At 30 June 2010 | <u>674,519</u> | <u>16,303,332</u> | <u>16,977,851</u> |
| At 30 June 2009 | <u>748,099</u> | <u>17,198,711</u> | <u>17,946,810</u> |

10. TANGIBLE FIXED ASSETS – GROUP

| | Leasehold property improv'ts £ | Plant and machinery £ | Motor vehicles £ | Furniture, fittings and equipment £ | Computer equipment £ | Total £ |
|-----------------------|---|--------------------------------------|---------------------------------|--|-------------------------------------|--------------------|
| COST | | | | | | |
| At 1 July 2009 | 159,376 | 3,417,953 | 14,585 | 466,918 | 493,386 | 4,552,218 |
| Additions | - | 243,018 | - | - | 7,880 | 250,898 |
| Re-classification | - | 19,124 | - | (19,124) | - | - |
| At 30 June 2010 | <u>159,376</u> | <u>3,680,095</u> | <u>14,585</u> | <u>447,794</u> | <u>501,266</u> | <u>4,803,116</u> |
| DEPRECIATION | | | | | | |
| At 1 July 2009 | 136,025 | 2,760,601 | 9,141 | 334,911 | 347,515 | 3,588,193 |
| Charge for the period | 15,777 | 304,850 | 5,444 | 20,671 | 74,799 | 421,541 |
| Re-classification | - | 27,868 | - | (72) | (27,796) | - |
| At 30 June 2010 | <u>151,802</u> | <u>3,093,319</u> | <u>14,585</u> | <u>355,510</u> | <u>394,518</u> | <u>4,009,734</u> |
| NET BOOK VALUE | | | | | | |
| At 30 June 2010 | <u>7,574</u> | <u>586,776</u> | <u>-</u> | <u>92,284</u> | <u>106,748</u> | <u>793,382</u> |
| At 30 June 2009 | <u>23,351</u> | <u>657,352</u> | <u>5,444</u> | <u>132,007</u> | <u>145,871</u> | <u>964,025</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, in respect of plant and machinery amounted to £225,111 (2009 £122,868)

AWS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

11. FIXED ASSET INVESTMENTS

| | |
|---------------------------------|---|
| COMPANY | Shares in group undertakings £ |
| At 1 July 2009 and 30 June 2010 | <u>14,043,818</u> |

Details of the principal subsidiaries can be found under note number 26

12. STOCKS

| | GROUP 2010 £ | GROUP 2009 £ | COMPANY 2010 £ | COMPANY 2009 £ |
|------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Raw material | 2,991,593 | 2,084,750 | - | - |
| Work in progress | 1,737,591 | 1,351,980 | - | - |
| | <u>4,729,184</u> | <u>3,436,730</u> | <u>-</u> | <u>-</u> |

13. DEBTORS

| | GROUP 2010 £ | GROUP 2009 £ | COMPANY 2010 £ | COMPANY 2009 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 6,324,514 | 5,165,248 | - | - |
| Amounts owed by group undertakings | - | - | 5,245,833 | 6,860,840 |
| Other debtors | 38,379 | 52,800 | - | - |
| Prepayments and accrued income | 374,273 | 310,096 | - | 3,750 |
| | <u>6,737,166</u> | <u>5,528,144</u> | <u>5,245,833</u> | <u>6,864,590</u> |

**14. CREDITORS:
amounts falling due within one year**

| | GROUP 2010 £ | GROUP 2009 £ | COMPANY 2010 £ | COMPANY 2009 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Unsecured loan notes | 453,544 | 698,173 | - | 263,173 |
| Bank loans and overdrafts | 1,687,530 | 1,219,770 | 1,319,770 | 1,219,770 |
| Corporation tax | 90,184 | 75,000 | - | - |
| Net obligations under finance leases and hire purchase contracts | 150,709 | 112,768 | - | - |
| Trade creditors | 6,168,374 | 3,875,381 | - | - |
| Social security and other taxes | 733,878 | 668,584 | - | - |
| Other creditors | 1,474,150 | 904,921 | 957,870 | 533,445 |
| Accruals and deferred income | 864,723 | 966,081 | - | - |
| | <u>11,623,092</u> | <u>8,520,678</u> | <u>2,277,640</u> | <u>2,016,388</u> |

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. CREDITORS: amounts falling due within one year (continued)

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate

Bank loans and overdraft of the group and company are secured by fixed and floating charges over all current and future assets of the group and cross guarantees between UK based group companies

Included within unsecured loan notes and bank loans and overdrafts of both the group and company are unamortised issue costs of £31,456 (2009 £31,456) and £55,230 (2009 £55,230) respectively

Included within the group's unsecured loan notes and other creditors are capital and interest amounting to £385,000 (2009 £654,629) and £990,289 (2009 £519,390) respectively due for repayment within one year but under the terms of an inter creditor agreement between the group's bankers and various loan note holders, the amounts are subordinated to the bank and will not be paid within one year without the prior consent of the bank

15. CREDITORS: amounts falling due after more than one year

| | GROUP 2010 £ | GROUP 2009 £ | COMPANY 2010 £ | COMPANY 2009 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Unsecured loan notes | 8,962,047 | 13,211,745 | 8,577,047 | 12,221,745 |
| Bank loans | 6,811,784 | 8,131,560 | 6,811,784 | 8,131,560 |
| Net obligations under finance leases and hire purchase contracts | 191,814 | 223,120 | - | - |
| Other creditors | 454,645 | 353,423 | 454,644 | 353,423 |
| 'A' Ordinary shares treated as debt | 47,000 | 47,000 | 47,000 | 47,000 |
| | <u>16,467,290</u> | <u>21,966,848</u> | <u>15,890,475</u> | <u>20,753,728</u> |

Included within unsecured loan notes and bank loans of both the group and company are unamortised issue costs of £163,839 (2009 £195,291) and £138,216 (2009 £193,440) respectively

Bank loans of the group and company are secured by fixed and floating charge over all current and future assets of the group and cross guarantees between UK based group companies. Included within bank loans is £3,500,000 revolving credit facility repayable no later than September 2014. Interest is payable quarterly in arrear at a variable rate of 4.25% above LIBOR. Part of the bank loans are subject to an interest swap arrangement the fair value of which at 30 June 2010 was £134,403 negative

Included above within unsecured loan notes are amounts repayable in over 5 years amounting to £4,157,224 (2009 £7,962,329). The loans are repayable between September 2015 and September 2016 and bear interest at 9% per annum. Of these amounts for loans amounting to £1,403,224 (2009 £3,681,493), interest is accrued and is payable in September 2016, and represents the balance shown in other creditors. Interest on £2,754,000 (2009 £4,280,836) is payable quarterly in arrears

Under the terms of an inter-creditor agreement between the group's bankers and various loan note holders, capital and interest payments are currently suspended on all unsecured loan notes falling due for payment after more than one year which are subordinated to the bank

AWS GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: amounts falling due after more than one year (continued)

'A' Ordinary shares are entitled to a cumulative participating dividend commencing in respect of the accounting period ending 30 June 2013

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

| | GROUP | GROUP | COMPANY | COMPANY |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Between one and five years | <u>191,814</u> | <u>223,120</u> | <u>-</u> | <u>-</u> |

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate

16 DEFERRED TAXATION

| | GROUP | GROUP | COMPANY | COMPANY |
|--|-----------------|-----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| At 1 July 2009 | (31,631) | - | - | - |
| Transfer from other debtors in respect of overseas subsidiary deferred tax | (21,169) | - | - | - |
| On acquisition of subsidiary undertakings | - | 9,004 | - | - |
| Charge for the year | 14,421 | (40,635) | - | - |
| At 30 June 2010 | <u>(38,379)</u> | <u>(31,631)</u> | <u>-</u> | <u>-</u> |

The deferred tax debtor is included within other debtors

The deferred taxation debtor is made up as follows

| | GROUP | GROUP | COMPANY | COMPANY |
|--------------------------------|---------------|---------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | 38,378 | 31,010 | - | - |
| Short term timing differences | - | 621 | - | - |
| | <u>38,379</u> | <u>31,631</u> | <u>-</u> | <u>-</u> |

In addition the group and company has a deferred tax debtor amounting to £220,000 (2009 £210,000) which in accordance with the group accounting policy has not been recognised

AWS GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

17. SHARE CAPITAL

ALLOTTED, CALLED UP AND FULLY PAID
At 30 June 2009

| | 2010 | 2009 |
|--|-----------|--------|
| | £ | £ |
| 5,109,783 B ordinary shares of 1p each | 51,098 | 51,098 |
| 368,585,571 Deferred shares of 1p each | 3,685,856 | - |

| | | |
|-----------------|------------------|---------------|
| At 30 June 2010 | <u>3,736,954</u> | <u>51,098</u> |
|-----------------|------------------|---------------|

On 18 August 2009 loan notes and accrued interest amounting to £3,685,856 were converted into 368,585,571 deferred shares of 1p each

SHARES CLASSIFIED AS DEBT
ALLOTTED, CALLED UP AND FULLY PAID

| | 2010 | 2009 |
|--|---------------|---------------|
| | £ | £ |
| 4,700,000 'A' Ordinary shares of 1p each | <u>47,000</u> | <u>47,000</u> |

18. RESERVES

GROUP AND COMPANY

SHARE PREMIUM ACCOUNT

At 1 July 2009 and 30 June 2010

£
11,881

GROUP

PROFIT AND LOSS ACCOUNT

At 1 July 2009

£
(1,571,088)

Loss for the year

(1,030,546)

At 30 June 2010

(2,601,634)

COMPANY

PROFIT AND LOSS ACCOUNT

At 1 July 2009

£
(1,326,717)

Loss for the year

(1,298,162)

At 30 June 2010

(2,624,879)

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

| | 2010 | 2009 |
|---------------------------------------|------------------|--------------------|
| | £ | £ |
| Opening shareholders' deficit | (1,508,109) | - |
| Loss for the year | (1,030,546) | (1,571,088) |
| Equity shares issued | 3,685,856 | 62,979 |
| Closing shareholders' funds/(deficit) | <u>1,147,201</u> | <u>(1,508,109)</u> |

AWS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT (continued)

| | 2010 | 2009 |
|---------------------------------------|-------------------------|---------------------------|
| | £ | £ |
| COMPANY | | |
| Opening shareholders' deficit | (1,263,738) | - |
| Loss for the year | (1,298,162) | (1,326,717) |
| Equity shares issued | 3,685,856 | 62,979 |
| Closing shareholders' funds/(deficit) | <u>1,123,956</u> | <u>(1,263,738)</u> |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the accounts of the company was £1,298,162 (2009 £1,326,717)

20 NET CASH FLOW FROM OPERATING ACTIVITIES

| | Year | Period |
|---|-------------------------|-------------------------|
| | 30 June | 30 June |
| | 2010 | 2009 |
| | £ | £ |
| Operating profit | 647,770 | 63,668 |
| Amortisation of intangible fixed assets | 968,959 | 767,092 |
| Depreciation of tangible fixed assets | 421,541 | 446,963 |
| Loss on disposal of tangible fixed assets | - | 7,693 |
| Increase/(decrease) in stocks | (1,292,454) | 1,213,270 |
| Increase/(decrease) in debtors | (1,223,443) | 1,476,487 |
| Decrease/(increase) in creditors | 2,264,068 | (2,335,022) |
| NET CASH INFLOW FROM OPERATIONS | <u>1,786,441</u> | <u>1,640,151</u> |

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | Year | Period |
|--|-------------------------|-------------------------|
| | 30 June | 30 June |
| | 2010 | 2009 |
| | £ | £ |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received | - | 6,186 |
| Interest paid | (668,656) | (540,825) |
| Hire purchase interest | (16,056) | (7,655) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | <u>(684,712)</u> | <u>(542,294)</u> |

AWS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

| | Year 30 June 2010 £ | Period 30 June 2009 £ |
|---|--|--|
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | |
| Purchase of tangible fixed asset | (110,567) | (55,436) |
| Sale of tangible fixed assets | - | 93,756 |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | (110,567) | 38,320 |
| | | |
| | Year 30 June 2010 £ | Period 30 June 2009 £ |
| ACQUISITIONS AND DISPOSALS | | |
| Purchase of fixed asset investments | - | (6,780,992) |
| Net overdrafts acquired with acquisition | - | (6,722,000) |
| NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS | - | (13,502,992) |
| | | |
| | Year 30 June 2010 £ | Period 30 June 2009 £ |
| FINANCING | | |
| Issue of equity shares | - | 3,818 |
| Issue of non equity shares | - | 47,000 |
| New unsecured loans | - | 5,281,253 |
| Repayment of unsecured loans | (994,260) | (687,688) |
| New bank loans | - | 9,351,330 |
| Repayment of bank loans | (1,275,000) | - |
| Repayment of finance leases | (133,696) | (91,712) |
| NET CASH OUTFLOW FROM FINANCING | (2,402,956) | 13,904,001 |

AWS GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

22. ANALYSIS OF CHANGES IN NET DEBT

| | As restated 1 July 2009 £ | Cash flow £ | Other non cash trans- actions £ | 30 June 2010 £ |
|--|------------------------------------|--------------------|---|----------------------|
| Cash at bank and in hand | 1,103,708 | (1,471,469) | - | (367,761) |
| | <u>1,103,708</u> | <u>(1,471,469)</u> | <u>-</u> | <u>(367,761)</u> |
| DEBT | | | | |
| Finance leases | (335,888) | 133,696 | (140,331) | (342,523) |
| Debts due within one year | (2,437,333) | 1,974,630 | (2,300,899) | (2,763,602) |
| Debts falling due after more than one year | (21,743,728) | 294,630 | 5,173,621 | (16,275,477) |
| | <u>(24,516,949)</u> | <u>2,402,956</u> | <u>2,732,391</u> | <u>(19,381,602)</u> |
| NET DEBT | <u>(23,413,241)</u> | <u>931,487</u> | <u>2,732,391</u> | <u>(19,749,363)</u> |

The opening figures have been restated to include interest rolled up on the unsecured loan notes and unpaid

Major non cash transactions -

- Conversion of certain loan notes and accrued interest thereon amounting to £3,685,856 to deferred equity shares
- Interest accrued on loan notes, but not paid during the year and included within debt amounting to £817,648
- Amortisation of previously capitalised finance costs netted off debt amounting to £86,676
- New finance leases entered into during the year amounting to £140,331
- Reclassification of £100,000 previously recognised as debt

Debt at 30 June 2010 may be analysed as follows

| | 2010 £ | As restated 2009 £ |
|-------------------------------------|-------------------|--------------------------|
| Finance leases | 342,523 | 335,888 |
| Bank loans | 8,325,000 | 9,600,000 |
| Vendor loan notes | 3,232,886 | 7,203,665 |
| Investor loan notes | 5,508,000 | 5,508,000 |
| Other loans | 870,000 | 1,425,000 |
| 'A' ordinary shares treated as debt | 47,000 | 47,000 |
| Unamortised issue costs | (388,742) | (475,417) |
| Accrued interest on debt | 1,444,935 | 872,813 |
| | <u>19,381,602</u> | <u>24,516,949</u> |

Excluding finance costs capitalised a term loan of £4,825,000 is repayable by quarterly instalments up to 30 September 2013 and a revolving credit facility of £3,500,000 is repayable on 30 September 2014

As detailed in notes 14 and 15 the vendor, investor and certain of the loan notes carry deferred payment of capital and interest

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

23. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £107,461 (2009 £62,874). At 30 June 2010 £7,064 (2009 £8,545) was payable to the pension scheme and are now included in creditors.

24. FINANCIAL COMMITMENTS

The company has guaranteed the borrowings of its subsidiary undertakings. At 30 June 2010 potential liabilities under this arrangement amounted to £377,556 (2009 £782,468). The guarantee is secured by a debenture over the assets of the group.

25. OPERATING LEASE COMMITMENTS

At 30 June 2010 the group had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|-------------------------|--------------------|----------------|
| | 2010 | 2009 |
| | £ | £ |
| GROUP | | |
| EXPIRY DATE: | | |
| Between 2 and 5 years | 16,250 | 155,198 |
| After more than 5 years | 328,198 | 268,000 |
| | <u>344,448</u> | <u>423,198</u> |

26. PRINCIPAL SUBSIDIARIES

| Company name | Country | Shareholding |
|--------------------------------------|-------------------|--------------|
| AWS Electronics GH (2008) Limited | England and Wales | 100% |
| AWS Electronics Group Limited * | England and Wales | 100% |
| AWS Electronics Limited * | England and Wales | 100% |
| Jantec Electronic Services Limited * | England and Wales | 100% |
| Cemgraft Limited * | England and Wales | 100% |
| AWS Slovakia s r o * | Slovakia | 100% |
| AWS Electronics (Stone) Limited * | England and Wales | 100% |
| AWS EBT Company Limited | England and Wales | 100% |
| * indirectly held | | |

AWS Electronics GH (2008) Limited and AWS Electronics Group Limited are holding companies. AWS Electronics (Stone) Limited and AWS EBT Company Limited are dormant. All other subsidiary companies manufacture electronic equipment.

AWS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

27. RELATED PARTY TRANSACTIONS

Advantage has been taken not to disclose transactions with group companies included within these consolidated financial statements

In the prior year the company bought the entire share capital of AWS Electronics Group Holdings Limited, whose name was changed to AWS GH (2008) Limited. Certain directors of the company were shareholders in AWS GH (2008) Limited and details of the consideration given to directors in aggregate is noted below

| | £ |
|--------------------------------|---------------|
| Cash | 4,450,793 |
| Loan notes | 4,415,697 |
| 'B' Ordinary shares of 1p each | <u>49,800</u> |

During the prior period J P Weston, a director of the company, subscribed for 309,783 1p 'B' Ordinary shares at a cost of £3,818

On 18 August 2009 loan notes and accrued interest due to the directors amounting to £2,291,406 were converted into 229,140,563 1p deferred ordinary shares. At 30 June 2010 directors loan notes outstanding amounted to £2,313,490 (2009 £4,425,697) and accrued interest amounted to £374,785 (2009 £317,930)

During the prior period Barclays Unquoted Investments Limited subscribed for 4,089,000 1p 'A' Ordinary shares at par and loaned the company £5,508,000 which was outstanding at the year end (2009 £5,508,000). The loan is unsecured and bears interest at 9% per annum payable quarterly in arrears. The loan is repayable in four equal annual instalments commencing in September 2013. Interest accrued of £892,296 (2009 £396,576) remained payable at the year end. During the year Barclays Unquoted Investments Limited charged the company £36,000 (2009 £29,000) in respect of a monitoring fee.

During the period £25,680 (2009 £23,750) was paid to Jasper Corporate Finance LLP in respect of the services as director of D A Tucker.