

COMPANY No : 4895923

AVERY WEIGH-TRONIX HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 1 APRIL 2006



AVERY WEIGH-TRONIX HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2006

The Directors present their report and the financial statements for the period ended 1 April 2006.

1. RESULTS AND DIVIDENDS

The Group's profit before tax for the 52 weeks ended 1 April 2006 was £1,712,000 (53 weeks ended 2 April 2005 – loss of £2,488,000). The Directors do not recommend the payment of a final dividend.

2. RESEARCH AND DEVELOPMENT

The Group is actively researching and developing new products.

3. BUSINESS REVIEW

Overview

The Avery Weigh-Tronix Group (AWT), of which the company is a member, principally develops, manufactures, distributes and services weighing equipment.

It operates directly in UK, USA, Canada, Ireland, France, Austria, Malaysia and India.

The company itself is an intermediate holding company and owns, either directly or indirectly, all the trading subsidiaries of AWT.

There have not been any significant changes in the company's principal activities in the year under review. At the date of this report, the Directors are not aware of any likely major changes in the company's activities in the next year.

Trading Results

Turnover of the Group was £156.6 million in FY06 financial year ending 1 April 2006 (FY06), translated at average exchange rates of £1=\$1.84 and Euro 1.47. This compares with £156.2 million in FY05 which was translated at average exchange rates of £1=\$1.79 and Euro 1.46. The turnover for FY05 covered 53 weeks, which added an extra £2.5 million to revenues, and included £5.4 million of revenues relating to discounted operations.

Gross margin (gross profit as % of turnover) increased from 31.9% in FY05 to 32.6% in FY06. The improvement arose from inter alia:

- Lower steel costs and higher prices for steel casting products
- Disposal of marginally profitable subsidiaries
- Effect of outsourcing the manufacture of certain products to the Far East.

Redundancy costs of £2.3 million were incurred in FY06 compared to £0.8 million in FY05. These related to:

- Restructuring of the service forces in India and the UK
- Management re-organisation
- Reductions in manufacturing workforce as a result of increased level of outsourcing
- Transferring Ireland's back office operations to the UK

Group Operating Profit more than doubled from £2.0 million to £5.0 million due to improved margins and administrative and distribution cost savings.

AVERY WEIGH-TRONIX HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 2 APRIL 2006

3. ENHANCED BUSINESS REVIEW (continued)

Principal Risk and Uncertainties

The AWT 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
- 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. The major foreign currencies in the Group (United States Dollar, Canadian Dollar and Euro) are normally hedged for up to 12 months to protect the underlying cash flows in the following year plan. Interest rates have been hedged as part of a £43 million senior multi-currency facility. 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 Avery Weigh-Tronix Group.

Acquisitions

The following acquisitions were made in FY06:

- The trade and assets of Darenth Weighing Systems Limited, a company registered in the United Kingdom.
- The trade and certain assets of the industrial scale business of Arizona Restaurant Supply, Inc, a company registered in Arizona, USA.
- 100% of the issued share capital of Calibra Weighing Services Limited, a company registered in the United Kingdom.

Environment

The AWT 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 Company operates in accordance with group policies. Initiatives designed to minimise the Company'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 5 to the financial statements on page 15.

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 Company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in the group's policies and practices to 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.

Change of Ownership

On 31 July 2006, the Company and its subsidiaries were sold by Avery Weigh-Tronix Inc and acquired by AV AcquisitionCo 3 Limited, a company registered in the United Kingdom.

Financing

The company benefited from a £43 million multi company facility provided by Royal Bank of Scotland plc and HSBC plc. £33.5 million of this facility was utilised at the end of the financial year. On 31 July 2006, upon the change of ownership referred to above, the Avery Weigh-Tronix Group was refinanced as a result of which:

- i) All liabilities and obligations under the agreement with Royal Bank of Scotland plc and HSBC were extinguished; and
- ii) The Avery Weigh-Tronix Group and the Company became beneficiaries of a €13,170,000 mezzanine facility agreement and a €76,460,000 senior multicurrency term and revolving facilities agreement, dated 31 July 2006 under which financial facilities are made available by European Capital S.A.R.L.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 2 APRIL 2006

4. DIRECTORS' AND THEIR INTERESTS

The following served as Directors of the Company during the period.

G G Bowe
C Cramer

During the year none of the Directors had any interest in any shares or debentures of the Company. The directors are exempt from notifying their interest in the shares of the holding company under Statutory Instrument 1985/802 Companies (Disclosure of Directors' Interest) (Exceptions) Regulations 1985.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare financial statements for each financial year which 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 Company and the Group for that period. In preparing those 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Each of the persons who is a director at the date of approval of this report confirms that:

(i) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(ii) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

6. CREDITOR PAYMENT POLICY

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

It is and will continue to be the policy of the Group 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 1 April 2006, excluding amounts owed to companies in the Avery Weigh-Tronix Inc Group, represents 47 days (2005: 38 days) as a proportion of the total amount invoiced by suppliers during the period ended on that date.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 2 APRIL 2006

7. AUDITORS

Deloitte & Touche 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

A handwritten signature in black ink, appearing to be 'C Cramer', with a long horizontal line extending to the right.

C Cramer
Director
Foundry Lane
Smethwick
West Midlands
B66 2LP

Date: 4 December 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVERY WEIGH-TRONIX HOLDINGS LIMITED

We have audited the group and individual company financial statements (the "financial statements") of Avery Weigh-Tronix Holdings Limited for the year ended 1 April 2006 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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 circumstances of the company and the group, 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 1 April 2006 and of the group's profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham

4 December 2006

AVERY WEIGH-TRONIX HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED
1 APRIL 2006

	Notes	52 weeks ended 1 April 2006 £'000	53 weeks ended 2 April 2005 £'000
Turnover - continuing operations	3	156,622	150,797
- discontinued operations	3	-	5,368
	2	<u>156,622</u>	<u>156,165</u>
Cost of sales		(106,062)	(106,313)
Gross Profit		<u>50,560</u>	<u>49,852</u>
Distribution costs		(15,540)	(16,153)
Administrative expenses		(30,810)	(31,780)
Redundancy Costs		(2,336)	(754)
Refinancing and corporate restructuring costs		(79)	(1,815)
Other administrative expenses		(28,395)	(29,211)
Other operating income		384	86
Group operating profit		<u>4,594</u>	<u>2,005</u>
- continuing operations	3	4,594	2,349
- discontinued operations	3	-	(344)
Share of operating profit in associates		178	350
Total operating profit		<u>4,772</u>	<u>2,355</u>
Loss on sale of discontinued operations		(55)	(2,641)
Profit on sale of fixed asset investments		182	164
Impairment of fixed asset investment		-	(147)
Profit on sale of fixed assets		184	393
Net interest payable	6	(3,371)	(2,612)
Profit/(loss) on ordinary activities before tax	7	<u>1,712</u>	<u>(2,488)</u>
Taxation on profit/(loss) on ordinary activities	8	956	(322)
Profit/(loss) on ordinary activities after tax		<u>2,668</u>	<u>(2,810)</u>
Minority interests	24	(377)	(386)
Profit/(loss) for the period	22	<u>2,291</u>	<u>(3,196)</u>

A reconciliation of movements in shareholders' funds is given in note 23.

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

AVERY WEIGH-TRONIX HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND
LOSSES FOR THE 52 WEEKS ENDED 1 APRIL 2006

	Notes	52 weeks ended 1 April 2006 £'000	53 weeks ended 2 April 2005 £'000
Profit/(loss) for the financial period		2,291	(3,196)
Actuarial losses recognised in the pension schemes	19	(187)	(20)
Foreign exchange differences	22	1,766	1,717
Total recognised gains/(losses) for the period		<u>3,870</u>	<u>(1,499)</u>

AVERY WEIGH-TRONIX HOLDINGS LIMITED
BALANCE SHEET AS AT 1 APRIL 2006

	Notes	1 April 2006		2 April 2005	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Intangible fixed assets - goodwill	10	24,376	-	25,863	-
Tangible fixed assets	11	16,808	-	16,395	-
Fixed asset investments	12	986	68,771	1,060	60,600
		<u>42,170</u>	<u>68,771</u>	<u>43,318</u>	<u>60,600</u>
Current assets					
Stocks	13	20,587	-	21,273	-
Debtors	14	36,860	5	32,877	-
Investments	26	4,232	-	3,240	-
Cash at bank and in hand		<u>2,792</u>	<u>-</u>	<u>2,906</u>	<u>-</u>
		<u>64,471</u>	<u>5</u>	<u>60,296</u>	<u>-</u>
Creditors (amounts falling due within one year)	15	<u>(45,546)</u>	<u>(55,948)</u>	<u>(44,009)</u>	<u>(47,433)</u>
Net current assets/(liabilities)		<u>18,925</u>	<u>(55,943)</u>	<u>16,287</u>	<u>(47,433)</u>
Total assets less current liabilities		61,095	12,828	59,605	13,167
Creditors (amounts falling due after one year)	16	(27,307)	-	(30,108)	-
Provisions for liabilities and changes	17	(883)	-	(779)	-
Net assets excluding pension liabilities		<u>32,905</u>	<u>12,828</u>	<u>28,718</u>	<u>13,167</u>
Pension liabilities	19	<u>(2,996)</u>	<u>-</u>	<u>(3,151)</u>	<u>-</u>
Net assets including pension liabilities		<u>29,909</u>	<u>12,828</u>	<u>25,567</u>	<u>13,167</u>
Capital and reserves					
Called-up share capital	21	1	1	1	1
Share premium	22	-	22,866	-	22,866
Merger reserve	22	57,377	-	57,377	-
Profit and loss account - deficit	22	<u>(29,547)</u>	<u>(10,039)</u>	<u>(33,417)</u>	<u>(9,700)</u>
Equity shareholders' funds	23	<u>27,831</u>	<u>12,828</u>	<u>23,961</u>	<u>13,167</u>
Equity Minority interests	24	<u>2,078</u>	<u>-</u>	<u>1,606</u>	<u>-</u>
Capital employed		<u>29,909</u>	<u>12,828</u>	<u>25,567</u>	<u>13,167</u>

Approved by the Board on 4 December 2006 and signed on its behalf by:

G G Bowe
Director



C Cramer
Director



The accompanying notes form an integral part of this balance sheet.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED
1 APRIL 2006

	Notes	52 weeks ended 1 April 2006		53 weeks ended 2 April 2005	
		£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	25		9,482		(1,563)
Dividends received from associates			53		148
Returns on investments and servicing of finance					
Interest received		284		203	
Interest paid		(2,802)		(2,604)	
Interest element of finance lease payments		(55)		(44)	
Net cash outflow from returns on investments and servicing of finance			(2,573)		(2,445)
Taxation paid			(538)		(852)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(2,738)		(1,899)	
Sale of tangible fixed assets		189		1,520	
Receipts from sale of fixed asset investment		404		164	
Net cash outflow for capital expenditure and financial investment			(2,145)		(215)
Acquisitions and Disposals					
Investments in subsidiary undertakings		(92)		(329)	
Purchase of business		(287)		-	
Net (overdraft) / cash acquired with subsidiaries		(28)		12	
Buyback of minority interest shares		-		(195)	
Disposal of subsidiary net of cash sold		-		283	
Net cash outflow for acquisitions and disposals			(407)		(229)
Net cash inflow/(outflow) before use of liquid resources and financing			3,872		(5,156)
Management of liquid resources					
Increase in liquid resources			(783)		(1,075)
Financing					
Capital element of finance lease payments		(431)		(352)	
Repayment of old secured borrowings		-		(34,747)	
(Repayment)/increase in new secured borrowings		(3,375)		35,390	
Net cash (outflow)/inflow from financing			(3,806)		291
Decrease in cash in the period			(717)		(5,940)
Reconciliation to net debt					
Net debt at 2 April 2005			(31,854)		(27,052)
Decrease in cash			(717)		(5,940)
Movement in deposits			783		1,075
Movement in borrowings			3,570		(291)
Non-cash movements	26		(747)		(1,105)
Exchange adjustments			343		1,459
Net debt at 1 April 2006	26		(28,622)		(31,854)

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

1 ACCOUNTING POLICIES

The principal policies adopted by the directors are summarised below. All of these have been applied consistently throughout the period and the preceding period with the exception of FRS 21 'Events after the balance sheet date' and the applicable paragraphs of FRS 25 'Financial instruments: Presentation and Disclosure' both of which have been adopted during the period with no impact on the results in either 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. During the period ending 2 April 2005 a group reconstruction was completed in order to create Avery Weigh-Tronix Holdings Limited as an intermediate holding company indirectly below the ultimate holding company in the Avery Weigh-Tronix Holdings, Inc group.

In accordance with FRS 6, the above reconstruction was accounted for using merger accounting principles, in order to meet the overriding requirement under section 227(6) of the Companies Act 1985 for financial statements to present a true and fair view.

Other business combinations have been accounted for under the acquisition method.

Consolidated accounts are prepared for those companies and entities where the Avery Weigh-Tronix Holdings Limited Group holds a controlling interest. For acquisitions, the results are included from the date where effective control is gained. For disposals, the results are included up to the date when effective control is relinquished.

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.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

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 the 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.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

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 sterling at the rates of exchange ruling at the balance sheet date. Translation differences arising are dealt with in the profit and loss account. The results of subsidiaries in hyper-inflationary economies are dealt with in accordance with UITF 9 using the US\$ as the functional currency.

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 and has not disclosed transactions with entities that are under common ownership of the Avery Weigh-Tronix Holdings Group.

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 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 statements 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.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

1 ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

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

For a forward exchange contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the Group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account only when the hedged transaction has itself been reflected in the Group's financial statements.

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.

2 SEGMENTAL INFORMATION

	Turnover	Profit/(loss) on ordinary activities before tax	Net assets including pension liabilities	Turnover	Profit/(loss) on ordinary activities before tax	Net assets including pension liabilities
	2006	2006	2006	2005	2005	2005
	£'000	£'000	£'000	£'000	£'000	£'000
By location:						
Europe	96,154	(2,734)	3,013	98,817	(104)	5,857
The Americas	49,196	3,377	21,192	46,625	(3,735)	15,466
Australasia	-	-	-	-	(69)	-
Asia	11,272	1,069	5,704	10,723	1,420	4,244
Africa	-	-	-	-	-	-
Total Group	<u>156,622</u>	<u>1,712</u>	<u>29,909</u>	<u>156,165</u>	<u>(2,488)</u>	<u>25,567</u>
By destination:						
Europe	91,280			93,037		
The Americas	50,014			47,867		
Australasia	848			728		
Asia	12,718			12,684		
Africa	1,762			1,849		
Total Group	<u>156,622</u>			<u>156,165</u>		

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

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

3 DISCONTINUED OPERATIONS

During the comparative period, the Group disposed of its interest in Brevetti van Berkel SpA and Berkel Sweden AB.

An analysis of turnover to operating profit for the period ended 1 April 2006 is given below.

	Continuing operations	1 April 2006 Discontinued operations	Total	Continuing operations	2 April 2005 Discontinued operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	156,622	-	156,622	150,797	5,368	156,165
Cost of sales	(106,062)	-	(106,062)	(102,407)	(3,906)	(106,313)
Gross Profit	50,560	-	50,560	48,390	1,462	49,852
Distribution Costs	(15,540)	-	(15,540)	(15,110)	(1,043)	(16,153)
Administrative expenses	(30,810)	-	(30,810)	(31,017)	(763)	(31,780)
Redundancy costs	(2,336)	-	(2,336)	(675)	(79)	(754)
Refinancing and corporate restructuring costs	(79)	-	(79)	(1,815)	-	(1,815)
Other administrative expenses	(28,395)	-	(28,395)	(28,527)	(684)	(29,211)
Other operating income	384	-	384	86	-	86
Group operating profit/(loss)	4,594	-	4,594	2,349	(344)	2,005

4 DIRECTORS EMOLUMENTS

	2006 £'000	2005 £'000
Aggregate emoluments and benefits	489	500
Company contribution to Group Personal Pension Plan	51	65
	<u>540</u>	<u>565</u>

There are 2 directors (2005: 2) accruing benefits under the Group Personal Pension Plan.

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

	2006 £'000	2005 £'000
Aggregate emoluments and benefits	298	304
Company contribution to Group Personal Pension Plan	31	33
	<u>329</u>	<u>337</u>

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

5 EMPLOYEE INFORMATION

	2006	2005
	Numbers	Numbers
Average number of employees during the period	2,840	3,019
	£'000	£'000
Aggregate gross remuneration	48,929	49,338
Social security costs	7,740	8,207
Other pension costs	2,611	2,241
Total staff costs	59,280	59,786

The company had no employees during the year (2005: nil).

6 NET INTEREST PAYABLE

	2006	2005
	£'000	£'000
Interest payable on bank loans and overdraft	(3,378)	(2,578)
Interest payable on finance leases	(55)	(44)
Other interest payable	(171)	(86)
Share of associate interest payable	-	(10)
Total interest payable	(3,604)	(2,718)
Bank interest receivable	239	187
Other interest receivable	45	16
Share of associate interest receivable	3	-
Total interest receivable	287	203
Other finance costs (see note 19)	(54)	(97)
Net interest payable	(3,371)	(2,612)

7 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006	2005
	£'000	£'000
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation - owned assets	3,109	3,443
Depreciation - leased assets	315	207
Goodwill amortisation	1,747	1,721
Rental under operating leases		
- plant and machinery	2,453	2,069
- other	1,268	939
Research and development expenditure	5,764	5,312
Redundancy costs	2,336	754
Auditors' remunerations		
Audit services (Company £nil)	283	262
Non Audit services (Company £nil)	405	307

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

8 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2006		2005	
	£'000	£'000	£'000	£'000
Current Tax				
UK Corporation Tax on profits of the period	-		2	
Adjustments in respect of previous periods	11		(2)	
Foreign Tax	503		626	
Share of Associates Tax	71		116	
Total Current Tax		585		742
Deferred Tax				
Origination and reversal of timing differences	826		(420)	
Adjustments in respect of previous periods	(2,367)		-	
Total Deferred Tax		(1,541)		(420)
Tax (credit)/charge on profit/(loss) on ordinary activities		(956)		322

(b) Factors affecting tax charge for period

	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities	1,712	(2,488)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	514	(747)
Effects of:		
Expenses not deductible for tax purposes	581	277
Differences between depreciation and capital allowances	(196)	210
Short term timing differences	(393)	-
State minimum taxes	11	-
Income not subject to tax	(56)	-
Double tax relief	(68)	(266)
Utilisation of tax losses	(2,283)	(533)
Accrued interest paid in the period	(498)	-
Tax losses not recognised	-	1,866
Losses carried forward	2,981	-
Adjustments to tax charge in respect of previous periods	11	(2)
Adjustments in respect of foreign tax rates	(52)	(129)
Share of associates tax	33	66
Current tax charge for period	585	742

The group has unrecognised tax losses, which will only be recognised when there is sufficient taxable income.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

9 PROFITS OF HOLDING COMPANY

Of the profit for the financial period, a loss of £339,000 (2005: £9,700,000) is dealt with in the accounts of Avery Weigh-Tronix Holdings Limited. The directors have taken advantage of the exemption available under S230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

10 INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise purchased goodwill arising from the acquisition of various businesses :

	Group £'000	Company £'000
Cost		
At 2 April 2005	60,748	-
Additions (see note 27)	219	-
Foreign exchange differences	41	-
At 1 April 2006	<u>61,008</u>	<u>-</u>
Accumulated amortisation		
At 2 April 2005	34,885	-
Charge for the period	1,747	-
At 1 April 2006	<u>36,632</u>	<u>-</u>
Net Book Value		
At 1 April 2006	<u>24,376</u>	<u>-</u>
At 2 April 2005	<u>25,863</u>	<u>-</u>

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 (2005 : £nil).

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

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 2 April 2005	8,444	634	332	19,073	28,483
Additions	-	-	-	2,974	2,974
Disposals	(7)	-	-	(1,864)	(1,871)
Subsidiary acquired	-	-	-	196	196
Foreign exchange differences	444	21	20	1,041	1,526
At 1 April 2006	<u>8,881</u>	<u>655</u>	<u>352</u>	<u>21,420</u>	<u>31,308</u>
Depreciation					
At 2 April 2005	1,946	359	201	9,582	12,088
Charge for the period	185	8	-	3,231	3,424
Disposals	(5)	-	-	(1,861)	(1,866)
Subsidiary acquired	-	-	-	21	21
Foreign exchange differences	96	21	15	701	833
At 1 April 2006	<u>2,222</u>	<u>388</u>	<u>216</u>	<u>11,674</u>	<u>14,500</u>
Net book amounts					
At 1 April 2006	<u>6,659</u>	<u>267</u>	<u>136</u>	<u>9,746</u>	<u>16,808</u>
At 2 April 2005	<u>6,498</u>	<u>275</u>	<u>131</u>	<u>9,491</u>	<u>16,395</u>

Included in Freehold properties above is land at a cost of £781,000 (2005 : £781,000), which is not subject to depreciation.

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

	2006 £'000	2005 £'000
Cost	1,285	1,062
Accumulated depreciation	(642)	(327)
Net book value	<u>643</u>	<u>735</u>

There are no tangible fixed assets held by the Company (2005: £nil).

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

12 FIXED ASSET INVESTMENTS

Group	Associate Undertakings £'000
Cost	
At 2 April 2005	1,207
Disposals	(369)
Profits retained for the period	110
Dividends received	(53)
Foreign exchange differences	91
At 1 April 2006	<u>986</u>
Provisions for Impairment	
At 2 April 2005	147
Disposals	(147)
At 1 April 2006	<u>-</u>
Net Book Value	
At 1 April 2006	<u>986</u>
At 2 April 2005	<u>1,060</u>
Company	Shares in Subsidiary Undertakings £'000
Cost	
At 2 April 2005 and 1 April 2006	<u>68,771</u>
Provisions for Impairment	
At 2 April 2005	8,171
Write back of prior year impairment	(8,171)
At 1 April 2006	<u>-</u>
Net Book Value	
At 1 April 2006	<u>68,771</u>
At 2 April 2005	<u>60,600</u>

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

13 STOCKS

	Group 2006 £'000	Group 2005 £'000
Raw materials	2,450	2,176
Work in progress	5,351	5,447
Finished goods and service parts	12,786	13,650
	<u>20,587</u>	<u>21,273</u>

At the balance sheet there were no stocks held by the company (2005: £nil).

14 DEBTORS

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Amounts falling due within one year:				
Trade Debtors	29,771	-	27,617	-
Amounts owned by group undertakings	958	-	767	-
Other debtors	1,842	-	1,794	-
Prepayments and accrued income	1,201	5	1,183	-
Deferred tax assets (note 18)	3,088	-	1,516	-
	<u>36,860</u>	<u>5</u>	<u>32,877</u>	<u>-</u>

15 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Bank loans and overdrafts	7,938	-	7,483	-
Trade creditors	10,410	-	9,330	-
Amounts owed to group undertakings	-	55,773	-	47,433
Obligations under finance leases	446	-	409	-
Corporation tax	75	-	95	-
Other taxation and social security	4,030	-	2,905	-
Other creditors	3,436	-	2,399	-
Accruals and deferred income	19,211	175	21,388	-
	<u>45,546</u>	<u>55,948</u>	<u>44,009</u>	<u>47,433</u>

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

16 CREDITORS (AMOUNTS FALLING DUE AFTER ONE YEAR)

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Bank loans and overdrafts	26,959	-	28,871	-
Obligations under finance leases (falling due in less than five years)	303	-	535	-
Other creditors	45	-	702	-
	<u>27,307</u>	<u>-</u>	<u>30,108</u>	<u>-</u>

The bank loans and overdraft represents term loans with the Royal Bank of Scotland plc and are repayable over 6 years in half yearly instalments. The borrowings are secured on the assets and liabilities of various group companies as detailed in note 20. Interest is charged monthly and is based on LIBOR plus a margin. At 1 April 2006 the interest rates applicable were 6.83% on term loan facility B and 7.63% on term loan facility C. The repayment schedule for the term loans is detailed below:

	Term B Facility £'000	Term C Facility £'000	Total £'000
Year Ending:			
31 March 2008	3,750	-	3,750
31 March 2009	4,250	-	4,250
31 March 2010	4,250	-	4,250
31 March 2011	4,500	-	4,500
31 March 2012	1,500	4,000	5,500
31 March 2013	-	4,000	4,000
	<u>18,250</u>	<u>8,000</u>	<u>26,250</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Restructuring £'000	Warranty £'000	Other £'000	Total £'000
At 2 April 2005	39	578	162	779
Charge for the period	2,353	698	-	3,051
Released in the period	(18)	(41)	(23)	(82)
Utilised during the period	(2,142)	(727)	(25)	(2,894)
Exchange difference	1	30	(2)	29
At 1 April 2006	<u>233</u>	<u>538</u>	<u>112</u>	<u>883</u>

The provision for product warranties recognises expected claims against product guarantees on products sold during the last financial year. It is expected that most of the expenditure will be incurred in the next financial year, and all will 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 (2005: £nil).

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

18 DEFERRED TAX

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
The deferred tax asset is broken down as follows:				
Accelerated capital allowances	211	-	1,630	-
Short term timing difference	690	-	(114)	-
Tax losses carried forward	2,187	-	-	-
Provisions for deferred tax	<u>3,088</u>	<u>-</u>	<u>1,516</u>	<u>-</u>
Deferred tax asset at 2 April 2005	1,516	-	1,212	-
Deferred tax charge in profit and loss account for period (note 8)	1,541	-	420	-
Disposal of subsidiary	-	-	(109)	-
Foreign exchange differences	31	-	(7)	-
Deferred Tax Asset at 1 April 2006	<u>3,088</u>	<u>-</u>	<u>1,516</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 USA, 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 £40 million (2005: £51 million).

Approximately £20 million (2005: £20 million) of the gross tax losses have arisen in Germany but have not been included in the above as the company has ceased to have any trading activities

19 PENSION COMMITMENTS

Defined contribution schemes

The group operates a defined contribution scheme in the UK for which the pension cost charge for the period amounted to £1,903,000 (2005: £1,523,000).

The group operates a number of other defined contribution schemes in various jurisdictions for which the pension cost charge for the period amounted to £649,000 (2005: £640,000)

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 principal fund is in Germany.

The most recent valuation of the scheme in Germany was at 31 March 2004. The valuation of this scheme used the projected unit method and was carried out by Hofer Vorsorge-Management, professionally qualified actuaries. The principal assumptions made by the actuaries were:

	2006 %	2005 %	2004 %
Rate of increase in pensionable salaries	3.5	3.5	3.5
Rate of increase in pensions in payment	2.0	2.0	2.0
Discount rate	5.5	5.5	5.5
Price inflation	2.5	2.5	2.5

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

19 PENSION COMMITMENTS (CONTINUED)

The scheme in Germany is unfunded and as such has no assets. During the period ended 2 April 2005, Berkel Deutschland GmbH entered into liquidation proceedings and as such no actuarial valuation of its pension scheme has been performed since that time. The deficit has been reduced to that currently been claimed by the German pension authorities.

Summary of all overseas defined benefit schemes

The assets of the schemes and the expected rate of returns were : -

	Long Term Rate of Return Expected 1 April 2006 %	Value at 1 April 2006 £'000	Long Term Rate of Return Expected 1 April 2005 %	Value at 2 April 2005 £'000	Long Term Rate of Return Expected 27 March 2004 %	Value at 27 March 2004 £'000
Investments held by:						
Ireland Pension Scheme	6.4	995	6.6	639	6.6	836
India Pension Scheme	7.5	557	8.0	552	8.7	481
Total market value of assets		1,552		1,191		1,317
Present value of scheme liabilities		(4,548)		(4,342)		(6,414)
Net pension liability		(2,996)		(3,151)		(5,097)
Related deferred tax asset		-		-		-
Net pension liability		(2,996)		(3,151)		(5,097)

Deferred tax assets of approximately £899,000 (2005: £943,000) have not been recognised in view of the uncertainty over the recovery of such assets.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

19 PENSION COMMITMENTS (CONTINUED)

Movement in deficit during the period.

	2006 £'000	2005 £'000
Deficit in schemes at beginning of the period	(3,151)	(5,097)
Current service cost	(134)	(186)
Prior year service credit	75	1,515
Curtailments and settlements	-	58
Contributions	546	377
Other finance expenses	(54)	(97)
Actuarial loss	(187)	(20)
Disposals	-	360
Exchange differences	(91)	(61)
Deficit in schemes at end of the period	<u>(2,996)</u>	<u>(3,151)</u>

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

	2006 £'000	2005 £'000
Current service cost	(134)	(186)
Prior year service credit	75	1,515
Curtailments and settlements	-	58
	<u>(59)</u>	<u>1,387</u>

Analysis of the amount debited to other finance expenses.

	2006 £'000	2005 £'000
Expected return on pension scheme assets	90	87
Interest on pension scheme liabilities	(144)	(184)
	<u>(54)</u>	<u>(97)</u>

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

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	114	90
Experience losses arising on the schemes' liabilities	(136)	(140)
Changes in assumptions underlying the present value of the scheme liabilities	(165)	30
Actuarial losses recognised in statement of total recognised gains and losses	<u>(187)</u>	<u>(20)</u>

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

19 PENSION COMMITMENTS (CONTINUED)

History of experience gains and losses.

	2006	2005	2004
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	114	90	(67)
Percentage of scheme assets	7.3%	7.6%	5.1%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	(136)	(140)	-
Percentage of the present value of scheme liabilities	3.0%	3.3%	0.0%
Total actuarial gain in the statement of total recognised gains and losses			
Amount (£'000)	(187)	(20)	(356)
Percentage of the present value of scheme liabilities	4.1%	0.5%	5.5%

20 CONTINGENT LIABILITIES

The Company, together with certain of its subsidiaries, is party to a £43 million senior multi-currency term and revolving facilities agreement, dated 9 December 2004, under which financial facilities are made available by The Royal Bank of Scotland plc. The Company, together with certain of its subsidiaries, has guaranteed the payment obligations under such agreement of each borrower within the Avery Weigh-Tronix Holdings Group. In addition, the Company has granted a fixed and floating charge over its assets in favour of The Royal Bank of Scotland plc.

Certain subsidiaries of the Company have also guaranteed the payment obligations under the Senior Subordinated Loan Notes of the Group. The guarantees are joint and several, full and unconditional, unsecured senior subordinated obligations of each of the guarantor companies. The guarantees rank equal with all other Senior Subordinated Debt of each guarantor company.

The indebtedness guaranteed, comprises of the following balances:

	1 April 2006 £'000	2 April 2005 £'000	(note)
Revolving Credit Facility*	2,657	4,904	2
Term Loan Facility B	22,875	24,250	3
Term Loan Facility C	8,000	8,000	4
Euro 12.5% senior subordinated term notes	709	702	1
	<u>34,241</u>	<u>37,856</u>	

(*excludes letters of credit and guarantees but includes overdraft facilities)

Note

(1) Debt denominated in Euros

(2) The commitments under the revolving credit facility terminate on 9 December 2011

(3) Term loan facility B is repayable over seven years, with the final repayment on 30 September 2011

(4) Term loan facility C is repayable in two equal instalments on 31 March 2012 and 30 September 2012

On 31 July 2006 the Avery Weigh-Tronix Group was refinanced. As a result of the refinancing, the company, together with certain other members of the Avery Weigh-Tronix Group became party to a €13,170,000 mezzanine facility agreement and a €76,460,000 senior multicurrency term and revolving facilities agreement, dated 31 July 2006 under which financial facilities are made available by European Capital S.A.R.L. The Company, together with certain other members of the Avery Weigh-Tronix Group, has guaranteed the payment obligations, under such agreements, of each borrower within the Avery Weigh-Tronix Group. In addition the Company has granted a fixed and floating charge over its assets in favour of European Capital S.A.R.L.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

20 CONTINGENT LIABILITIES (CONTINUED)

As of 31 July 2006, all obligations of members of the Avery Weigh-Tronix Group under the Senior Credit Agreement with The Royal Bank of Scotland plc have been extinguished.

Also on 31 July 2006 the Avery Weigh-Tronix Group redeemed €1,000,000 of the 12.5% Senior Subordinated Loan Notes. Along with certain other members of the Avery Weigh-Tronix Group, the Company continues to guarantee the remaining €20,000 of €1 Loan Notes.

21 CALLED-UP SHARE CAPITAL

Allotted and fully paid

At 1 April 2006 and 2 April 2005

1,000 ordinary shares of £1 each

£'000

1

22 RESERVES

	Profit and Loss Account (Deficit)		Merger Reserve	Share Premium
	Group	Company	Group	Company
	2006	2006	2006	2006
	£'000	£'000	£'000	£'000
Opening Reserves	(33,417)	(9,700)	57,377	22,866
Profit / (loss) for the period	2,291	(339)	-	-
Actuarial losses recognised in the pension scheme	(187)	-	-	-
Net exchange adjustments	1,766	-	-	-
Closing Reserves	<u>(29,547)</u>	<u>(10,039)</u>	<u>57,377</u>	<u>22,866</u>

The group profit and loss account for the period includes a deficit of £1,887,000 (2005: £2,042,000) in respect of pension scheme liabilities of the Group's pension and post retirement schemes.

23 RECONCILIATION OF MOVEMENTS ON EQUITY SHAREHOLDERS' FUNDS

	Group 2006 £'000	Group 2005 £'000
Opening shareholders' funds	23,961	25,459
Profit/(loss) for the financial period	2,291	(3,196)
Issue of share capital	-	1
Other recognised gains and losses for the financial period	1,579	1,697
Closing shareholders' funds	<u>27,831</u>	<u>23,961</u>

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

24 RECONCILIATION OF MOVEMENTS IN MINORITY INTERESTS

	1 April 2006 £'000
Opening minority interest	1,606
Profit for the financial period	377
Currency translation adjustment	95
Closing minority interest	<u>2,078</u>

25 CASH FLOW FROM OPERATING ACTIVITIES

	52 weeks ended 1 April 2006 Group £'000	53 weeks ended 2 April 2005 Group £'000
Operating profit	4,594	2,005
Depreciation Charge	3,424	3,650
Goodwill amortisation	1,747	1,721
Unrealised loss on foreign exchange	125	581
Decrease/(increase) in stock	1,368	(1,194)
Decrease in debtors	(1,593)	(3,097)
Increase/(decrease) in creditors	161	(3,116)
Increase/(decrease) in liability provisions	143	(349)
Difference between pension charge and cash contributions	(487)	(1,764)
Net cash inflow/(outflow) from operating activities	<u>9,482</u>	<u>(1,563)</u>

26 RECONCILIATION OF MOVEMENT IN NET DEBT

	At 2 April 2005 £'000	Cashflow £'000	Non-Cash Movements £'000	Exchange Movements £'000	At 1 April 2006 £'000
Cash at bank and in hand	2,906	(272)	-	158	2,792
Overdrafts	(904)	(445)	-	(17)	(1,366)
	<u>2,002</u>	<u>(717)</u>	<u>-</u>	<u>141</u>	<u>1,426</u>
Net Debt:					
Debt due within 1 year	(6,579)	3,375	(3,368)	-	(6,572)
Debt due after 1 year	(29,573)	-	2,621	(7)	(26,959)
Finance leases due within 1 year	(409)	(37)	-	-	(446)
Finance leases due after 1 year	(535)	232	-	-	(303)
	<u>(37,096)</u>	<u>3,570</u>	<u>(747)</u>	<u>(7)</u>	<u>(34,280)</u>
Liquid Resources	3,240	783	-	209	4,232
	<u>(31,854)</u>	<u>3,636</u>	<u>(747)</u>	<u>343</u>	<u>(28,622)</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.

AVERY WEIGH-TRONIX HOLDINGS LIMITED
NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 1 APRIL 2006

27 ACQUISITIONS

On 13 June 2005 the group acquired, for a consideration of £100,000, the trade and certain assets of Darenth Weighing Systems Limited, a company registered in the United Kingdom.

On 8 August 2005 the group acquired, for a consideration of US\$435,000, of which US\$100,000 was deferred, the trade and certain assets of the industrial scale business of Arizona Restaurant Supply, Inc, a company registered in Arizona, USA.

On 15 December 2005 the group acquired, for a consideration of £75,000, 100% of the issued share capital of Calibra Weighing Services Limited, a company registered in the United Kingdom.

A combined summary of the assets and liabilities acquired in the above transactions is shown below:

	Book Value £'000	Revaluations £'000	Fair Value £'000
Tangible fixed assets	181	(6)	175
Stocks	72	-	72
Debtors	68	-	68
Bank overdraft	(28)	-	(28)
Creditors	(72)	-	(72)
Net assets acquired	221	(6)	215
Goodwill			219
Consideration			434
Consideration satisfied by:			
Cash			355
Deferred consideration			55
Acquisition expenses			24
			434

28 CAPITAL EXPENDITURE

Capital commitments at 1 April 2006 were £88,000 (2005: £266,000).

29 OPERATING LEASE COMMITMENTS

At 1 April 2006 the Group had annual commitments under operating leases which expire as follows:

	1 April 2006		2 April 2005	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Group				
Within one year	201	196	209	557
Within 2 to 5 years	708	1,476	482	1,227
After 5 years	151	150	146	-
	1,060	1,822	837	1,784

Several of the leases for land and buildings are subject to rent review over various periods of time.
At 1 April 2006 the Company had no annual commitments under operating leases. (2005: £ Nil)

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31 ULTIMATE PARENT UNDERTAKING

Until 31 July 2006 the immediate parent was Avery Weigh-Tronix, Inc, a company registered in the State of Delaware, USA. With effect from 31 July 2006, the immediate became AV AcquisitionCo 3 Limited, company registered in the United Kingdom. Until 31 July 2006 the ultimate parent was Avery Weigh-Tronix Holdings, Inc, a company registered in the State of Delaware, USA. With effect from 31 July 2006 the ultimate parent became American Capital Strategies Ltd, a company registered in the State of Delaware, USA.

32 PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

a) Subsidiary Undertakings

The principal operating subsidiaries within the Avery Weigh-Tronix Holdings Group are shown below. The Company owns 100% of the equity share capital of all the companies, with the exception of Avery India Limited, of which the Company owns 53.4% of the equity share capital.

All subsidiaries are included in the consolidated accounts.

Company Name	Country of Incorporation and operation
Avery Berkel Limited	United Kingdom
Avery Malaysia Sdn Bhd	Malaysia
Berkel (Ireland) Limited	Ireland
Avery India Limited	India
Avery Weigh-Tronix France S.A.S	France
Maatschappij Van Berkel's Patent B.V.	Netherlands
Schember Berkel Ges.m.b.H	Austria
Weigh-Tronix Canada, ULC	Canada
Avery Weigh-Tronix, LLC	USA

b) Associated Undertakings

Company Name	Country of Incorporation and operation	Proportion of equity share capital held
Salter India Private Limited	India	50% (i)
Constructora de Basculas S.A. de C.V.	Mexico	49% (ii)

- i) Financial year end 31 March 2006
- ii) Financial year end 31 December 2005

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.

On 22 April 2005, the Group sold its investment in Avery Kenya Limited for a net consideration of £217,000.

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33 RELATED PARTY TRANSACTIONS

The group has transactions and balances with its associated companies and fellow subsidiaries. In view of the similar nature of these transactions they have been aggregated for disclosure purposes.

	2006 £'000	2005 £'000
Sales to associated companies:		
Avery Kenya Limited	-	137
Constructora De Basculas SA de CV	561	932
	<u>561</u>	<u>1,069</u>
Amounts due from associated companies:		
Avery Kenya Limited	-	32
Constructora De Basculas SA de CV	113	121
	<u>113</u>	<u>153</u>
Purchase from associated companies:		
Salter India Pvt Limited	346	397
	<u>346</u>	<u>397</u>
Amounts owed to associated companies:		
Salter India Pvt Limited	28	34
	<u>28</u>	<u>34</u>

The group's interest in Avery Kenya Limited was disposed of on 19 April 2005.

The company had no sales or purchases to or from fellow subsidiary companies in the 52 weeks ended 1 April 2006 or the 53 weeks ended 2 April 2005. The company did, however, incur interest charges of £3,874,000 on loans owing to fellow subsidiary undertakings.

Amounts due to and from parent companies and fellow subsidiary companies are disclosed in Notes 14 and 15.

33 POST BALANCE SHEET EVENTS

On 31 July 2006, the Company and its subsidiaries were sold by Avery Weigh-Tronix Inc and acquired by AV AcquisitionCo 3 Limited, a company registered in the United Kingdom. As a result of this change in ownership the Avery Weigh-Tronix Group was refinanced, details of which can be found in Note 20.

On 3 August 2006, Avery India Limited, a subsidiary of the Company increased its shareholding in Salter India Private Limited from 50% to 100% for a consideration of INR 19,208,000 (equivalent to approximately £218,000).

On 25 August 2006, Avery Weigh-Tronix LLC, a subsidiary of the Company, acquired the trade and assets of Carousel Systems Inc, a company registered in Maine USA and whose trade was the sale and service of weighing equipment. The consideration for the acquisition was \$205,063 (equivalent to approximately £108,000) payable in 2 instalments.