REGISTERED NUMBER: 5341855 (England and Wales)

AVID HOLDINGS PLC

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

AVID HOLDINGS PLC

CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2007

COMPANY INFORMATION
For The Year Ended 31 December 2007

DIRECTORS:	M M Walter J S Bobbett J R Neal LLB (Hons) AFA FMAAT ACEA AAIA D R Walton Masters
SECRETARY.	J R Neal
REGISTERED OFFICE:	Unit 10 Woodfalls Farm Gravelly Way Laddingford Kent ME18 6DA
REGISTERED NUMBER:	5341855 (England and Wales)
AUDITORS:	Kingston Smith LLP Chartered Accountants and Registered Auditors Devonshire House 60 Goswell Road London EC1M 7AD
SOLICITORS:	Blake Lapthorn Tarlo Lyons LLP Watchmaker Court 33 St John's Lane London EC1M 4DB
NOMINATED ADVISER:	Zeus Capital Limited 3 Ralli Courts West Riverside Manchester M3 5FT
BROKER:	Newland Stockbrokers Limited 24-25 New Bond Street London W1S 2RR
REGISTRARS:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
BANKERS:	HBOS plc Beauclerc House 3 Queens Road Reading Berkshire RG1 4AR

Introduction

I am pleased to report, as Chairman of Avid Holdings plc, that the company has continued to make progress in its second year of operation following its admission to AIM in June 2006

At the end of last year, I reported that terms had been agreed for the acquisition of Electro-mec (Reading) Ltd I am pleased to confirm that the company has now been successfully restructured and integrated into the group David Whitaker was appointed in June 2007 in an interim management assignment and joined the Board of Electro-mec in February 2008 as Managing Director of Electro-mec The Group has invested in process and new management systems, which have resulted in significantly improved efficiency and a reduction in overheads for Electro-mec A new sales team has been built from scratch and has achieved a number of early successes, subsequently winning significant new contracts worth over £650,000

Pill protect has continued to make slow progress and in the latter part of the year started to make small profits for the first time since its launch Some success has come from a new bespoke project for a leading manufacturer, which will be launched into Europe at the end of 2008

During the year negotiations for the acquisition of Alpha Anodising Ltd were largely completed and I am pleased to report that completion took place on 27 March 2008 We expect to achieve some synergies and cost savings as the Alpha business is integrated into the group during the second half of this year This should enable the sales force at Electro-mec to broaden the services offered to existing clients and for some sub-contracted engineering services purchased by Alpha to be brought back into the group

Board Changes

The Board, at 24 June 2008 comprised Jonathan Bobbett as Chief Executive, Jonathan Neal as Finance Director, David Walton Masters as a non-executive member of the Board and myself as non-executive Chairman, all of whom continue to serve the company Mike Nash, a non-Executive Director, decided to step down in March having completed his contract and we are most grateful to him for his valuable contribution

My continuing aim is to maintain the quality of our talented Board and high standards of corporate governance The Board meets regularly as a group and the Non-Executive Directors serve on the Audit Committee, the Remuneration Committee and the recently formed AIM Compliance Committee We intend to comply with the provisions of The Combined Code as far as practicable and appropriate for a public company of our size

It is the Board's intention to add a further Director who will bring additional engineering skills in the short to medium term A sub-committee comprising David Walton Masters and Jonathan Bobbett has been appointed to draft a paper defining the Board's requirements

Outlook

The challenges faced by small companies are well known, especially in a period of external economic decline Avid Holdings plc has achieved a significant first step in building the group with the successful acquisition of Electro-mec (Reading) Ltd last year followed by Alpha Anodising Ltd in March 2008

The Board is continuing to search for appropriate acquisitions and the success of our acquisitions to date should open the door to new sources of funds, which could accelerate acquisitions in our target sector

I would like to take this opportunity to thank the Directors and each and every member of the team for their dedicated hard work throughout the year and our advisers and shareholders for their continuing support and encouragement

Michael Walter
Chairman
Avid Holdings plc
24 June 2008

CHIEF EXECUTIVE OFFICER'S STATEMENT
For The Year Ended 31 December 2007

The Group continues to perform in line with expectations Recent investments in personnel have strengthened the management team and will allow for the efficient execution of the business model

Due to exceptional costs for the re-organisation of Electro-mec, which is now running profitably, the Group is still operating at a loss, as predicted However, with the recent contract wins, the current trends in prospects and with new products in the latter stages of development, the Board believes that the Group should move into positive cash flow by the end of 2008

Main achievements

- Turnover up from £71,467 (year ending 2006) to £1,746,105
- Acquisition of Electro-mec completed in March 2007
- Electro-mec wins a £480,000 contract for a defence project
- Pill protect successfully develops a bespoke product for a key European retailer aimed to launch in late 2008
- Patent granted in the UK for heat sealed products
- Pill protect makes first pre-tax profits for the final quarter of 2007

Post balance sheet events

- Electro-mec secures a contract for 12 electropac™ machines worth over £190,000 prior to product launch
- Acquisition of Alpha Anodising Ltd completed in March 2008

Jonathan Bobbett

Chief Executive Officer
24 June 2008

Electro-mec (Reading) Limited

Post-acquisition, Electro-mec continues to perform well Management information systems have been implemented to enable effective and timely performance measurement and KPI reporting A fully automated and accurate estimating system has recently been installed Efficiency increases have been achieved, resulting in a £180,000 reduction in overheads per annum. A recently announced contract win worth £480,000 has resulted in a revenue increase for the Company for the first half of 2008

In June 2007, David Whitaker was appointed as Managing Director of Electro-mec David was formerly Operations Director at Business Direct Group plc, an AIM listed plc He brings with him a proven track record of achieving growth within a fixed timetable

Electropac

Electro-mec continues to develop new and innovative products The electropac™ is currently in the latter stages of development and testing It will be one of the first automated in-pharmacy dispensers for daily packed drugs required by the elderly

The dispensing of monthly drugs for elderly patients currently requires pharmacists to fill plastic packs by hand, resulting in unnecessary costs for pharmacies as well as increasing the occurrence of human error In response to these issues, Electro-mec has developed a fully automated system for the production of patient packs that can be used for all solid and semi-solid formulations UK patent protection and trademarks are at the application stage

In the first quarter of 2008 an order worth in excess of £190,000 was placed by a major chain of pharmacies for 12 feeders for installation by July 2008 Throughout 2008, Electro-mec is expected to maintain and win contracts The systems and structure that have been put in place will in future enable the company to become profitable and build on its success

Pill protect Limited

Pill protect Ltd, the Avid Group's first acquisition, offers a leading solution to UK legislation covering the packaging of drugs containing aspirin, paracetamol and elemental iron The Pill protect solution comprises a specially perforated paper which covers the usual foil base of conventional blister packs This makes the surface harder to leverage, increasing the difficulty for children to access the medication but enabling access by less dextrous senior citizens

Major pharmaceutical companies have been slow to adopt compliant solutions Despite this having a negative impact on demand for Pill protect products, the company has developed a bespoke solution for a key European client who will launch it onto the market in 2008 The company continues to supply a number of clients including Reckitt Benkiser and Brecon Pharmaceuticals Ltd

The future performance of Pill protect is heavily dependent on the willingness of major pharmaceutical manufacturers to comply with relevant legislation and/ or regulations The Directors believe the Pill protect solution, in many respects, to be superior to the competition, which places the Company in a strong position to provide compliant solutions in domestic and export markets Pill protect's new heat sealed products were granted a UK patent on 29 August 2007 This bodes well for other applications that are in progress Following a re-structure of the business, which was completed in September 2007, the company generated a pre-tax profit in the final quarter of the year

Acquisitive expansion

In line with the Board's strategy for expansion through organic growth and acquisitions of complimentary businesses in the precision engineering sector, Avid acquired the entire issued share capital of Alpha Anodising Limited on 27 March 2008

continued

Alpha Anodising Limited

The company was established in 1972 and has remained in family ownership ever since, building a solid reputation in the field of high quality metal finishing Alpha, based in Buckinghamshire, are counted amongst the UK's market leaders in the field of quality metal finishing, having developed a highly diversified customer base due to their specialised expertise and reputation

Its offerings include a wide range of production techniques, such as mechanical and chemical finishes, high quality surface and sub-surface printing, as well as professional design and prototyping services The company supplies to the medical, scientific, defence and audio industries

Outlook

In the year under review we have continued to develop and grow the Group under difficult market conditions The Directors anticipate that the Group will be able to make further acquisitions in 2008 to deliver improved shareholder value Turnover is expected to grow significantly along with improved gross margins over the next 12 months reducing losses

Key Performance Indicators

The Directors consider that the results of the Group are dependent on the number of contracts maintained and won by its companies Turnover and gross profits grew well during the year but the losses widened in line with expectations

Principal Risks

Adverse market conditions are likely to prevail for the forthcoming year which may make fund raising for acquisitions more difficult The economic downturn has the potential to drive prices down whilst inflation has pushed essential costs, such as power and labour up considerably The Directors are trying to minimize the risks and have agreed fixed rate electricity deals for the Group over the next 12 months allowing us to keep price increase to only 4 5%

Jonathan Bobbett

Chief Executive Officer
24 June 2008

AVID HOLDINGS PLC

FINANCE DIRECTOR'S REVIEW
For The Year Ended 31 December 2007

2007 was Avid's second year as a trading group During the year it expanded its operations, notably through the acquisition of Electro-mec (Reading) Ltd in March

Operating performance
Group sales were £1,746,105, up from £71,467 in 2006 Notably the turnover from continuing operations, including Pill protect, improved by more than 75% The overall financial performance of the Group has also steadily improved throughout the year

Capital movements
In March 2007, approximately £996,000 of cash was raised, following the placing of 133,333,333 ordinary shares at 0 75 pence per share A further 28,333,333 Initial Consideration Shares were issued at an average price of 1 41 pence The funds were in part used to acquire Electro-mec, the remainder contributing towards the working capital of the group

In December approximately £194,000 was raised following the placing of 40 million new ordinary shares at 0 5p The funds raised were used to defray development costs for a DTI-sponsored project at Electro-mec, and for working capital

Post Balance Sheet Events
The principal post balance sheet event was the acquisition in March 2008 of the entire share capital of Alpha Anodising Ltd for an initial consideration of £627,000, which was satisfied by the issue of 6 4m new Ordinary Shares at a price of 0 5 pence and a cash payment of £595,000 Deferred consideration of up to £120,000, to be satisfied by the payment of cash, will be due, dependent on the future profits of Alpha Anodising for the six months following completion

The acquisition was funded as part of a programme of bank re-finance for the Avid Group, which the Directors believe will help to increase operating flexibility and maximise shareholder value

Taxation
No taxation arises in respect of the Group's trading for the year The Group has tax losses carried forward of £2,190,000

Investments
The Company has no investments other than those in its operating companies

International Financial Reporting Standards (IFRS)
For all periods up to 31 December 2006, Avid Holdings plc has prepared its financial statements in accordance with UK Generally Accepted Accounting Practice (GAAP) AIM rules require that the annual consolidated financial statements of the company for the year ended 31 December 2007 be prepared in accordance with IFRS Further details regarding this change can be found in Note 1 to these Financial Statements

Infrastructure
Overheads have been, and continue to be, closely controlled

The acquisition of Electro-mec has brought mature revenue to the Group, and cost savings have been achieved through the sharing of internal resources and aggregation of external services The same cost savings are anticipated following the acquisition of Alpha Anodising

Outlook
The Group's expansion has brought stability through consolidation and diversification, and places us well for the future

Jonathan Neal
Finance Director
24 June 2008

REPORT OF THE DIRECTORS
For The Year Ended 31 December 2007

The Directors present their report with the audited financial statements of the Group for the year ended 31 December 2007

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of an investment holding company, specialising in the pharmaceutical industry The subsidiary companies activities include the provision of child resistant packaging for the pharmaceutical industry and the supply of electro-mechanical precision engineering services

REVIEW OF BUSINESS
The results for the year and financial position of the company and the group are as shown in the annexed financial statements A detailed review of the Group's operating performance is included within the Chairman's Statement, Chief Executive Officer's Statement, Operational Review and Finance Director's Review, these can be found on pages 2 to 6

DIVIDENDS
No dividends will be declared for the year ended 31 December 2007

RESEARCH AND DEVELOPMENT
Development costs for the Pill protect project are capitalised and carried forward The Company is now well placed to exploit the continuing legislation changes within the pharmaceutical industry The Company continues to receive encouraging levels of orders and the Directors are confident that it will continue to improve and prosper

DIRECTORS
The Directors during the year under review were

M M Walter
J S Bobbett
M Nash (resigned 20 March 2008)
J R Neal
D R Walton Masters

The beneficial interests of the Directors holding office on 31 December 2007 in the issued share capital of the company were as follows

	31 12 07	1 1 07
Ordinary 0.5p shares		
M M Walter	133,333	133,333
J S Bobbett	27,936,294	27,936,294
M Nash	-	-
J R Neal	1,815,968	1,815,968
D R Walton Masters	1,100,000	-

SUPPLIER PAYMENT POLICY
Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions As at 31 December 2007 the Group had an average of 67 days (2006 50 days) purchases outstanding in trade payables

POLITICAL AND CHARITABLE DONATIONS
The Group made charitable donations during the year of £94 (2006 £nil) and no political donations were made (2006 £nil)

continued

STAFF POLICY

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices in the UK where the Group operates The Group's employees are regularly informed of the Group's financial position and the market conditions in which it operates This is achieved through briefings to managers and staff The training and career development of employees is an activity which is considered fundamental to the success of the Group

Employment policies are also designed to provide equal opportunities irrespective of colour, ethnic or national origin, nationality, sex, religion and marital or disabled status

SUBSTANTIAL SHAREHOLDERS

As at 24 June 2008 the Company had been notified of the following beneficial interests in 3% or more of its issued share capital pursuant to Part VI of the Companies Act 1985

	% of issued share capital
Mrs M J Grove A & M Trust	8 36
J S Bobbett	6 62
Perenco Oil & Gas S A	4 09
Mrs A J Perham	3 55
M W Ellis	3 36
B K Hansford	3 36

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Group and of the profit or loss of the Group and a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether the Group financial statements comply with IFRSs as adopted by the European Union and with regard to the parent company financial statements whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors confirm that they have complied with the above requirements in preparing the financial statements

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 Group financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation and the parent company financial statements and the Directors' Remuneration Report 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

continued

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Watchmaker Court, 33 St John's Lane, London, EC1M 4DB at 11 00 on Tuesday 12th August 2008

AUDITORS

The auditors, Kingston Smith LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD·

J R Neal - Secretary
24 June 2008

Michael Walter
Non-Executive Chairman
Michael has significant experience in the development and management of international brands with over 20 years experience as a public company Director Michael was previously worldwide marketing Director of Dunhill plc, responsible for the transformation of the company from a smoker's requisite to a luxury goods brand and managing Director of Aquascutum plc, a vertically integrated apparel brand On behalf of these companies he received the Queen's Award to Industry on five occasions

Jonathan Bobbett
Chief Executive
Jonathan has now been Chief Executive of the Avid Group for over 18 months In this time he has overseen two acquisitions which transformed the Company from a cash shell to a Company focused on the engineering sector He was previously Managing Director of 3 Point Blue Ltd, a successful design and branding consultancy

Prior to founding 3 Point Blue in 1988, Jonathan was a group art editor for United Newspapers with direct responsibility for 13 titles In the following 18 years Jonathan successfully built 3 Point Blue to become the fifth largest design consultancy in the leisure sector and headed consultancy teams for Volkswagen UK, Unilever Best Foods UK, The National Trust (Enterprises) Limited and Babcock International

Jonathan Neal
Finance Director
Leaving public practice in 1988, Jonathan ran the Accounting Services Department of an International Business Centre in Park Lane The following year he was appointed General Manager of a small Swedish-owned Private Bank specialising in commercial property transactions where he successfully administered and ran off its loan portfolio during the troubled property market of that time

During his time at the Bank Jonathan founded a Management Consultancy to help high net-worth clients appraise and administer business ventures In 1998 he was appointed Head of Finance of a major client There he was responsible for all legal and financial matters and was heavily involved in the negotiation and funding of long-term projects running into several million pounds

Jonathan joined Pill protect Ltd in January 2003 He was instrumental in the successful reverse into Avid Holdings Plc and the acquisition by Avid of Electro-mec (Reading) Ltd in March 2007 He is Group Finance Director and Company Secretary and also sits on all subsidiary Boards

David Walton Masters
Non-Executive Director
David has been Non-Executive Deputy Chairman of Laura Ashley Holdings plc He is the Executive Chairman of HCM Asset Management Limited, Chairman of Newland Financial Group Limited and a Director of InvestSelect plc and City of London Group plc David was formerly a Managing Partner at Phillips & Drew, in charge of the International Department, Chief Executive of County NatWest Securities, Executive Chairman of Coast Securities, Managing Director of Morning Star Investment Management Limited and Executive Deputy Chairman of Corus Hotels plc

CORPORATE GOVERNANCE
For The Year Ended 31 December 2007

The Directors acknowledge the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance Although the Combined Code is not compulsory for AIM listed companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows

The Board of Directors
Throughout the period since admission to AIM, the Board comprised at least a Chairman, one executive Director and one non-executive Director

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls The Board has a formal schedule of matters specifically reserved to it for decision To enable the Board to discharge its duties, all Directors receive appropriate and timely information Briefing papers are distributed to all Directors in advance of Board meetings All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with The appointment and removal of the Company Secretary is a matter for the Board as a whole In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense

A nominations committee is not considered appropriate because of the small size of the Board and the Company but all appointments or potential appointments are fully discussed by all Board members

Directors are subject to re-election by the shareholders at Annual General Meetings The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board will submit to re-election at intervals of three years, as required by the Articles

Audit Committee
The Audit Committee at 31 December 2007 consisted of Michael Walter and Michael Nash The Audit Committee meets at least twice a year and considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board

Remuneration Committee
The Remuneration Committee currently consists of Michael Walter and Michael Nash The Committee's role is to consider and approve the remuneration and benefits of the Executive Directors In framing the Company's remuneration policy, the Remuneration Committee has given full consideration to Section B of The Combined Code The Report on Directors' Remuneration is set out on pages 12 to 13

Internal Financial Control
The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment The key procedures which the Directors have established with a view to providing effective internal financial control are as follows

- The Company's organisational structure has clear lines of responsibility
- The Company prepares a comprehensive annual budget that is approved by the Board Monthly results are reported against the budget and variances are closely monitored by the Directors
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss The Directors have reviewed the effectiveness of the system of internal financial control as it operated during the period to 31 December 2007 and found it to be satisfactory

Relations with Shareholders
Communications with shareholders are given high priority There is a regular dialogue with shareholders including presentations after the Company's preliminary announcement of the year end results and at the half year The Board uses the Annual General Meeting to communicate with investors and welcomes their participation The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions

Statement by Directors on Compliance with the Provisions of the Combined Code
The Board considers that they have complied with the provisions of The Combined Code, as far as practicable and appropriate for a public company of this size, in accordance with the recommendations on corporate governance of the City Group for Smaller Companies

Going Concern
After consideration of the future and taking into account all information available, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the accounts

REPORT ON DIRECTORS' REMUNERATION
For The Year Ended 31 December 2007

The Remuneration Committee is responsible for determining and reviewing the terms of appointment and the remuneration of executive Directors The Committee takes external advice, as appropriate, on remuneration issues and takes cognisance of major surveys covering all aspects of the pay and benefits of Directors and senior executives in many companies

The Committee aims to provide base salaries and benefits which are competitive in the relevant external market and which take account of Company and individual performance thus enhancing the Company's ability to recruit and to retain individuals of the calibre required for its continuing business success

The Remuneration Committee currently consists of Michael Walter, Chairman and David Walton Masters

Service Agreements
The Directors have service agreements, which require not more than 12 months notice of termination The remuneration packages consist of basic salary or fees

Directors' Remuneration (audited)

	Salary & fees	Bonuses	Pension contributions	Total 31 December 2007	Total 31 December 2006
	£	£	£	£	£
Executives					
Jonathan Bobbett	99,796	-	3,500	103,296	58,705
Jonathan Neal	80,203	-	4,083	84,286	48,075
Michael Nash	-	-	-	-	-
Michael Walter	-	-	-	-	-
David Walton Masters	19,167	-	-	19,167	833
Jan Ledochowski	-	-	-	-	12,000
Total	199,166	-	7,583	206,749	119,613

In addition to the amounts shown above, fees of £24,000 were paid to Walter & Co for the services of Michael Walter and £18,000 was paid to Nash Business Consultants Limited for the services of Michael Nash

continued

Share Options

The Company believes that share ownership by executive Directors and senior executives strengthens the links between their personal interest and those of investors

At 31 December 2007 there were outstanding options granted to the Directors as follows

	Number of shares	Date of grant	Exercise price	Exercise period
Jonathan Bobbett	1,500,000	20 06 06	1 5p	21 06 09 to 20 06 16
	1,000,000	20 06 06	2 5p	21 06 09 to 20 06 16
	1,000,000	20 06 06	3 0p	21 06 09 to 20 06 16
	1,500,000	20 06 06	3 5p	21 06 09 to 20 06 16
	10,000,000	15 03 07	0 75p	15 03 09 to 15 03 14
Jonathan Neal	1,500,000	20 06 06	1 5p	21 06 09 to 20 06 16
	1,000,000	20 06 06	2 5p	21 06 09 to 20 06 16
	1,000,000	20 06 06	3 0p	21 06 09 to 20 06 16
	1,500,000	20 06 06	3 5p	21 06 09 to 20 06 16
	10,000,000	15 03 07	0 75p	15 03 09 to 15 03 14
Michael Nash	350,000	20 06 06	2 5p	21 06 09 to 20 06 16
	350,000	20 06 06	3 0p	21 06 09 to 20 06 16
	650,000	20 06 06	3 5p	21 06 09 to 20 06 16
	650,000	15 03 07	0 75p	15 03 09 to 15 03 14
Michael Walter	500,000	20 06 06	2 5p	21 06 09 to 20 06 16
	500,000	20 06 06	3 0p	21 06 09 to 20 06 16
	1,000,000	20 06 06	3 5p	21 06 09 to 20 06 16
	1,000,000	15 03 07	0 75p	15 03 09 to 15 03 14
D Walton Masters	3,000,000	15 03 07	0 75p	15 03 09 to 15 03 14

Directors' Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on pages 7 to 9

On behalf of the Remuneration Committee

Michael Walter
Director
24 June 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVID HOLDINGS PLC

We have audited the Group financial statements of Avid Holdings plc for the year ended 31 December 2007 which comprise the Consolidated Group Income Statement, the Consolidated Group Statement of Changes in Equity, the Consolidated Group Balance Sheet, the Consolidated Group Cash Flow Statement and the related notes These Group 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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditors' report addressed to them To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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

We have reported separately on the parent company financial statements of Avid Holdings plc for the year ended 31 December 2007 and on the information in the Directors' Remuneration Report that is described as being audited

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

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

We report to you our opinion as to whether the Group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Operational Review, Chief Executive Officer's Statement and Finance Director's Review that is cross referenced from the Business Review section of the Directors' Report

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements The other information comprises only the Directors' Report, the Chairman's Statement, Operational Review the Chief Executive Officer's Statement, the Finance Director's Review, and the Corporate Governance Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements Our responsibilities do not extend to any other information

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

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

continued

Opinion

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Group as at 31 December 2007 and of the loss for the year then ended,
- The Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the Group financial statements

Kingston Smith LLP

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London
EC1M 7AD

24 June 2008

AVID HOLDINGS PLC

CONSOLIDATED GROUP INCOME STATEMENT
For The Year Ended 31 December 2007

	Notes	Year Ended 31 12.07 £	Year Ended 31 12.06 (as restated) £
REVENUE - continuing operations	3	125,348	71,467
- acquired operations		1,620,757	-
TOTAL REVENUE		1,746,105	71,467
Cost of sales		(1,336,499)	(31,301)
GROSS PROFIT - continuing operations		95,264	40,166
- acquired operations		314,342	-
TOTAL GROSS PROFIT		409,606	40,166
Administrative expenses		(1,234,709)	(489,495)
OPERATING LOSS - continuing operations	4	(605,342)	(449,329)
- acquired operations		(219,761)	-
TOTAL OPERATING LOSS		(825,103)	(449,329)
Finance income	7	33,162	19,649
		(791,941)	(429,680)
Finance expenses	6	56,684	76,200
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(848,625)	(505,880)
Tax on loss on ordinary activities	8	60,058	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(788,567)	(505,880)
Earnings/(Loss) per share	10	(0.25p)	(0 39p)

Earnings per share represent basic and diluted earnings per share from continuing and total operations

CONSOLIDATED GROUP STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2007

	Note	Share capital	Other equity reserve	Share premium	Retained earnings	Total
		£	£	£	£	£
Equity as at 1 January 2006		191,667	-	195,627	(187,431)	199,863
Loss for the year		-	-	-	(505,880)	(505,880)
Shares issued		878,333	-	1,731,667	-	2,610,000
Costs associated with share issues		-	-	(80,694)	-	(80,694)
Equity as at 31 December 2006		1,070,000	-	1,846,600	(693,311)	2,223,289
Loss for the year		-	-	-	(788,567)	(788,567)
Shares issued	21	1,008,334	-	591,666	-	1,600,000
Costs associated with share issues		-	-	(54,530)	-	(54,530)
Share based payments provision	22	-	17,887	-	-	17,887
Equity as at 31 December 2007		**2,078,334**	**17,887**	**2,383,736**	**(1,481,878)**	**2,998,079**

AVID HOLDINGS PLC

CONSOLIDATED GROUP BALANCE SHEET
31 December 2007

	Note	2007 £	2006 (as restated) £
ASSETS			
Non-current assets			
Intangible assets	11	**2,792,468**	2,192,402
Property, plant and equipment	13	**477,557**	52,241
		3,270,025	2,244,643
Current assets			
Inventories	14	**407,064**	6,996
Trade and other receivables	15	**450,176**	101,517
Current tax receivable		**14,487**	1,546
Cash and cash equivalents	16	**96,113**	235,617
		967,840	345,676
TOTAL ASSETS		**4,237,865**	2,590,319
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	21	**2,078,334**	1,070,000
Other equity reserve		**17,887**	-
Share premium reserve		**2,383,736**	1,846,600
Retained earnings		**(1,481,878)**	(693,311)
TOTAL EQUITY		**2,998,079**	2,223,289
LIABILITIES			
Non-current liabilities			
Long-term borrowings	19	**248,140**	175,726
Deferred tax	20	**7,452**	-
Total non-current liabilities		**255,592**	175,726
Current liabilities			
Trade and other payables	17	**644,255**	159,824
Short term borrowings	18	**224,931**	-
Current portion of long-term borrowings	19	**115,008**	31,480
Total current liabilities		**984,194**	191,304
TOTAL LIABILITIES		**1,239,786**	367,030
TOTAL EQUITY AND LIABILITIES		**4,237,865**	2,590,319

The financial statements were approved by the Board of Directors on 24 June 2008 and were signed on its behalf by

J S Bobbett - Director **M M Walter - Director**

AVID HOLDINGS PLC

CONSOLIDATED GROUP CASH FLOW STATEMENT
For The Year Ended 31 December 2007

	Note	2007 £	2006 (as restated) £
Cash flows from operating activities			
Operating loss		**(825,103)**	(449,329)
Depreciation of property, plant and equipment	13	**63,142**	7,666
Loss on disposal of property, plant and equipment		**7,797**	-
Amortisation of intangible assets	11	**20,077**	10,984
Changes in working capital			
Inventories		**(173,142)**	-
Trade and other receivables		**10,669**	329,417
Trade and other payables		**79,845**	(271,119)
Income taxes		**14,547**	-
Net cash flows used in operating activities		**(802,168)**	(372,381)
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired	2	**(554,557)**	(495,726)
Purchases of property, plant and equipment	13	**(60,631)**	-
Proceeds from sale of property, plant and equipment		**21,774**	1,715
Purchases of intangible fixed assets	11	**(28,267)**	(13,765)
Net cash flows used in investing activities		**(621,681)**	(507,776)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	21	**1,200,000**	963,491
Costs of issuing shares		**(36,643)**	-
Proceeds from long-term borrowings		**165,066**	202,930
Repayments of borrowings		**(20,556)**	-
Interest received	7	**33,162**	19,649
Interest paid	6	**(56,684)**	(76,200)
Net cash flows from financing activities		**1,284,345**	1,109,870
Net (decrease)/increase in cash and cash equivalents		**(139,504)**	229,713
Cash, cash equivalents and bank overdrafts at beginning of year		**235,617**	5,904
Cash, cash equivalents and bank overdrafts at end of year	16	**96,113**	235,617

1 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards, as adopted by the European Union, issued by the International Accounting Standards Board (IFRS), under the historical cost convention except where otherwise indicated The measurement bases and principal accounting policies of the Group are set out below

The policies have changed from the previous year when the financial statements were prepared under applicable UK GAAP The comparative information has been restated in accordance with IFRS The changes to accounting policies are explained in note 28, together with the reconciliation from UK GAAP to IFRS as required by IFRS1 'first time adoption of IFRS' The date of transition to IFRS was 1 January 2006 The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements

Basis of consolidation
The Group financial statements consolidate those of the Company and of its subsidiary undertakings for the year ended 31 December 2007 Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities The Group obtains and exercises control through voting rights

All inter-company balances and transactions between the Group and its subsidiaries are eliminated in full

Acquisitions of subsidiaries are dealt with by the purchase method The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies Goodwill is stated after separating out identifiable intangible assets Goodwill represents the excess of acquisition cost over the fair value of the Group's share of identifiable net assets of the acquired subsidiary at the date of acquisition

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured Revenue is measured at the fair value of the consideration received or receivable net of VAT, returns, rebates and discounts and after eliminating sales within the Group The following specific recognition criteria must also be met before revenue is recognised

Packaging solutions
Revenues from packaging solutions comprise the sale of goods and rendering of design services Revenues from the sale of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery Revenues from services are recognised when specific contractual milestones, reflecting the stage of completion, have been met Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable

Precision tooling
Revenues from the sale of precision tooling instruments are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery

Intangible assets

Goodwill
Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and tested annually for impairment Goodwill is carried at cost less accumulated impairment losses Any excess of the Group's interest in the net fair value of the identifiable net assets acquired over cost is recognised immediately after acquisition within administrative expenses in the income statement

continued

PRINCIPAL ACCOUNTING POLICIES, continued

Other intangible assets
Other intangible assets are carried at cost (where acquired separately from a business) less accumulated amortisation and impairment losses

Expenditure on internally developed intangible assets, excluding development costs, is taken to administrative expenses in the income statement in the year in which it is incurred Development expenditure is recognised as an intangible asset only after its reliable measurement, technical feasibility and commercial viability can be demonstrated It is then amortised over the period of its useful economic life, this is currently 20 or 25 years depending on the nature of the expenditure

Licences are classified as intangible assets and are amortised in equal instalments over the period of the licence

Property, plant and equipment and depreciation
Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment Depreciation, down to residual value, is calculated at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	-	10% on cost and 12 5% on reducing balance
Fixtures and fittings	-	20% and 33% on cost
Motor vehicles	-	25% on cost and 25% on reducing balance

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised

Impairment of assets
Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired As at the acquisition date any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the business combination's synergies Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates When the recoverable amount of the cash-generating unit is less than the carrying amount, including goodwill, an impairment loss is recognised

Intangible assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable In addition, the carrying value of capitalised development expenditure is reviewed for impairment annually before being brought into use If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of the cash-generating units are written down to their recoverable amount

The recoverable amount of intangible assets and property, plant and equipment is the greater of net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash flows, the recoverable amount is determined by the cash-generating unit to which the asset belongs

Foreign currencies
The functional and presentation currency of Avid Holdings Plc is pounds sterling (£) The Group conducts the majority of its business in sterling Transactions denominated in foreign currencies are translated into the functional currency at the rate ruling at the dates of the transactions

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date These translation differences are dealt with in the income statement

continued

PRINCIPAL ACCOUNTING POLICIES, continued

Inventories
Inventories are valued at the lower of cost and net realisable value after making allowance for any obsolete or slow moving items Net realisable value is reviewed regularly to ensure accurate carrying values Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale

Trade and other receivables
Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts Allowance is made when collection of the full amount is no longer payable Bad debts are written off when identified

The Group's trade and other receivables are non-interest bearing

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less

For the purpose of the consolidated cash-flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Taxation
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on tax rates and laws that are enacted by the balance sheet date Corporation tax is recognised in the income statement unless it relates to items that are credited or charged to equity in which case it is also charged or credited to equity

Deferred tax is provided on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss,
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, based on tax rates and laws enacted or substantially enacted at the balance sheet date

Leased assets
The economic ownership of a leased asset is deemed to have been transferred to the Group if the Group bears substantially all the risks and rewards related to the ownership of the leased asset The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments if any, to be borne by the lessee A corresponding amount is recognised as a finance lease liability The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases Operating lease payments are recognised as an expense in the income statement over the period of the lease

continued

PRINCIPAL ACCOUNTING POLICIES, continued

Pension costs
The Group operates a defined contribution pension scheme for the benefit of its employees Contributions payable are charged to the income statement in the year they are payable

Share based payments
Certain employees and Directors of the Group receive equity settled remuneration in the form of Company share options The cost to employees that take the form of shares or rights to shares is charged to the income statement on a straight line basis over the vesting period and a corresponding amount is reflected in shareholders' equity adjusted at each balance sheet date to take into account actual and expected level of vesting The charge is calculated as being the fair value of the shares or the right to the shares at the date of grant, reduced by any consideration payable by the employee Fair value is measured using a modified Black-Scholes option pricing model and is based on a reasonable expectation of the extent to which performance criteria will be met

New standards and interpretations not applied
During the year, the IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements These are not expected to have a significant effect on the Group, and thus are not expected to have a material effect on the results and net assets of the Group.

IFRS 6 'Exploration for and evaluation of mineral resources'
Amendment to IAS 39 'Cash flow hedge accounting of forecast intragroup transactions'
Amendment to IFRS 1 'First time adoption of International Financial Reporting Standards'
Amendment to IAS 39 'The fair value option'
Amendment to IFRS 4 'Insurance contracts'
IFRIC 5 'Rights to interests arising from decommissioning, restoration and environmental rehabilition funds'
IFRIC 7 'Applying the restatement approach under IAS 29 Hyperinflationary accounting'
Amendment to IAS 21 'The effect of changes in foreign exchange rates net investment in a foreign operation'
IFRIC 4 'Determining whether an arrangement contains a lease'
IFRIC 6 'Liabilities arising from participating in a specific market – waste electrical and electronic equipment'
IFRIC 8 'Scope of IFRS 2'
IFRIC 9 'Re-assessment of embedded deriatives'

2 BUSINESS COMBINATIONS

On 16 March 2007 the Group completed the acquisition of 100% of Electro-mec (Reading) Limited for an initial consideration of £800,000 plus certain costs of acquisition which resulted in a total cost of £974,170 This was satisfied by the issue of 28,333,333 new Ordinary Shares at a price of 1 41 pence per share and cash payments totalling £574,170

The summarised profit and loss account for the period from 1 January 2007, the beginning of its accounting period, to 16 March 2007, the date of acquisition is as follows

	£
Turnover	521,359
Operating loss	(21,846)
Loss on ordinary activities before, and after taxation	(21,846)

continued

2 BUSINESS COMBINATIONS continued

The assets and liabilities of Electro-mec (Reading) Limited as at 16 March 2007 are set out below

	Book value	Fair value adjustments	Fair value
	£	£	£
Property, plant and equipment	457,398	-	457,398
Inventories	226,926	-	226,926
Accounts receivable	372,269	-	372,269
Cash	19,613	-	19,613
Trade payables	(637,562)	-	(637,562)
Long-term debt	(56,350)	-	(56,350)
Net assets acquired	382,294	-	382,294
Goodwill			591,876
Total fair value of acquisition			974,170
Consideration to deemed fair value			
Cash consideration			400,000
Issue of shares			400,000
Expenses of acquisition			174,170
Total consideration			974,170

The agreement for the acquisition of Electro-mec (Reading) Limited includes a clause for deferred consideration The Directors do not consider a provision is required in these financial statements, because the conditions which would lead to payment of the deferred consideration are not expected to be met

3 SEGMENTAL REPORTING

In the opinion of the Directors the Group's core activities are the supply of specialist packaging solutions and the production of precision tooling both for the pharmaceutical industry as carried out by the subsidiary companies Therefore the primary segmental information presented is that of business segments, the secondary segment, that of geographical segments, is considered immaterial

Assets and Liabilities by Primary Segment

	2007			2006 (as restated)		
	Total assets	Liabilities	Net assets (liabilities)	Total assets	Liabilities	Net assets (liabilities)
	£	£	£	£	£	£
Packaging solutions	609,790	(212,342)	397,448	638,747	(303,244)	335,503
Precision tooling	1,260,103	(975,830)	284,273	-	-	-
	1,869,893	(1,188,172)	681,721	638,747	(303,244)	335,503
Group activities	2,367,972	(51,614)	2,316,358	1,951,572	(63,786)	1,887,786
	4,237,865	(1,239,786)	2,998,079	2,590,319	(367,030)	2,223,289

3 SEGMENTAL REPORTING continued

Revenue by Primary Segment

	Year ended 31 December 2007	Year ended 31 December 2006 (as restated)
	£	£
Revenue		
Packaging solutions	121,148	68,317
Precision tooling	1,620,757	-
Group activities	4,200	3,150
	1,746,105	71,467
Loss for the year		
Packaging solutions	(215,305)	(187,737)
Precision tooling	(219,761)	-
Group activities	(390,037)	(261,592)
Underlying operating loss	(825,103)	(449,329)
Finance income	33,162	19,649
Finance expenses	(56,684)	(76,200)
Loss for the year before taxation	(848,625)	(505,880)

Loss by Primary Segment

	2007			2006 (as restated)		
	EBITDA	Depreciation & amortisation	Operating loss	EBITDA	Depreciation & amortisation	Operating loss
	£	£	£	£	£	£
Packaging solutions	(203,183)	12,122	(215,305)	(175,345)	12,392	(187,737)
Precision tooling	(203,779)	59,224	(263,003)	-	-	-
Group overheads			(346,795)			(261,592)
			(825,103)			(449,329)
Group interest			(23,596)			(56,551)
			(848,625)			(505,880)

4 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2007	**2006 (as restated)**
	£	£
Depreciation	63,142	7,666
Development costs amortisation	20,077	10,984
Auditors' remuneration – audit (company £10,000 (2006 £6,350))	32,143	9,804
Auditors' remuneration - non audit work	-	44,678
Operating leases - land and buildings	60,244	-
Foreign exchange	(56)	131

continued

5 DIRECTORS AND EMPLOYEES

	2007	2006 (as restated)
	£	£
Wages and salaries	1,611,910	176,024
Social security costs	153,582	17,053
Other pension costs	36,066	3,166
	1,801,558	196,243
Directors' remuneration	199,166	116,613
Directors' pension contributions to money purchase schemes	7,583	3,000

Benefits are accruing to two Directors under money purchase pension schemes and are disclosed in the Report on Directors' Remuneration

Information regarding the highest paid Director is as follows

	2007	2006 (as restated)
	£	£
Aggregate emoluments	99,796	57,205
Pension contributions to money purchase schemes	3,500	1,500

The average number of employees of the Group during the year was as follows

	2007	2006
Administration	8	1
Directors	5	5
Operations	25	3
	38	9

Share options granted to Directors are disclosed in the Report on Directors' Remuneration

6 FINANCE EXPENSES

	2007	2006 (as restated)
	£	£
On bank loans and overdraft	13,685	55,936
Hire purchase interest	13,225	1,829
Other interest	29,774	18,435
	56,684	76,200

continued

7 FINANCE INCOME

	2007	2006 (as restated)
	£	£
Bank interest receivable	33,162	19,649

8 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	2007	2006 (as restated)
	£	£
Current income tax		
UK Corporation tax	(14,547)	-
Deferred tax		
Origination and reversal of timing differences	(45,511)	-
	(60,058)	-

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK The difference is explained below

	2007	2006 (as restated)
	£	£
(Loss) on ordinary activities before tax	(848,625)	(505,880)
(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19 75% (2006 19%)	(167,603)	(96,117)
Effects of		
Depreciation in excess of capital allowances	(1,518)	246
Expenditure disallowed	2,794	18,067
Adjustments in respect of prior periods	(60)	-
Research and development claim	(14,487)	-
Tax losses carried forward	166,327	77,804
Current tax credit	(14,547)	-

Factors that may affect future tax charges

Losses carried forward at 31 December 2007 were approximately £2,190,000 Due to the uncertainty of the timing of taxable profits in the future, a deferred tax asset in respect of the tax losses has not been included in the accounts

continued

9 LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the income statement of the parent company is not presented as part of these financial statements The parent company's loss for the financial year was £343,691 (2006 £287,794)

10 LOSS PER SHARE

The calculation of the basic and diluted loss per share of 0 25p (2006 0 39p) is based on the loss for the year of £848,625 (2006 £505,880) and on a weighted average number of shares of 0 5p in issue during the year of 345,108,057 and 349,588,869 diluted (2006 129,952,511) There were no discontinued operations in the year so the loss per share from continuing operations is equal to the loss per share from total operations

The effect of the options was to dilute the weighted average number of shares in December 2007 by 4,480,812 Under the terms of IAS 33, options have no dilutive effect in loss making years hence the diluted loss per share is the same as the basic loss per share

11 INTANGIBLE FIXED ASSETS

	Goodwill	Development costs	Totals
	£	£	£
COST			
At 1 January 2006	-	-	-
Book value of assets acquired	-	511,030	511,030
Additions	1,678,668	13,688	1,692,356
1 January 2007	1,678,668	524,718	2,203,386
Additions	591,876	28,267	620,143
At 31 December 2007	2,270,544	552,985	2,823,529
AMORTISATION			
At 1 January 2006	-	-	-
Charge for the year	-	10,984	10,984
1 January 2007	-	10,984	10,984
Charge for the year	-	20,077	20,077
At 31 December 2007	-	31,061	31,061
NET BOOK VALUE			
At 31 December 2007	2,270,544	521,924	2,792,468
At 31 December 2006	1,678,668	513,734	2,192,402

continued

12 PRINCIPAL SUBSIDIARIES

The following subsidiaries have been consolidated in the Group financial statements

	Country of registration and operation	Activity	Ordinary share capital owned by the company %
Pill protect Limited	England	Packaging solutions	100
Electro-mec (Reading) Limited	England	Precision tooling	100

13 PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £	Plant & Machinery £	Motor Vehicles £	Total £
COST				
At 1 January 2006	-	-	-	-
Book value of assets acquired	-	17,024	44,598	61,622
Disposals	-	(1,715)	-	(1,715)
At 1 January 2007	-	15,309	44,598	59,907
Book value of assets acquired	13,676	433,291	10,431	457,398
Additions	60,025	606	-	60,631
Disposals	(5,488)	(20,899)	(30,111)	(56,498)
At 31 December 2007	68,213	428,307	24,918	521,438
DEPRECIATION				
At 1 January 2006	-	-	-	-
Charge for the year	-	996	6,670	7,666
At 1 January 2007	-	996	6,670	7,666
Charge for the year	9,772	47,768	5,602	63,142
Eliminated on disposal	(5,230)	(16,808)	(4,889)	(26,927)
At 31 December 2007	4,542	31,956	7,383	43,881
NET BOOK VALUE				
At 31 December 2007	63,671	379,543	17,535	477,557
At 31 December 2006	-	14,313	37,928	52,241
At 1 January 2006	-	-	-	-

Assets held under finance leases and hire purchase agreements have a net book value of £415,493 (2006 £50,829) and depreciation charged for the year was £61,600 (2006 £14,266)

continued

14 INVENTORIES

	2007	2006
	£	£
Inventory held for resale	407,064	6,996

15 TRADE AND OTHER RECEIVABLES

	2007	2006
	£	£
Trade receivables	391,330	33,377
Other receivables	18,494	58,332
Prepayments and accrued income	40,352	9,808
	450,176	101,517

16 CASH AND CASH EQUIVALENTS

	2007	2006
	£	£
Cash at banks and in hand	96,113	235,617

17 TRADE AND OTHER PAYABLES

Current

	2007	2006
	£	£
Trade payables	334,215	42,278
Social security and other taxes	194,221	7,927
Other payables	35,030	43,815
Accruals and deferred income	80,789	65,804
	644,255	159,824

18 SHORT TERM BORROWINGS

	2007	2006
	£	£
Short term borrowings	224,931	-

Short term borrowings consist of a factoring account held by Electro-mec (Reading) Limited which is secured by a fixed and floating charge over all the assets of that company

continued

19 LONG-TERM BORROWINGS

Current

	2007	2006
	£	£
Obligations under finance leases	94,452	10,924
Bank loan	20,556	20,556
	115,008	31,480

Non-Current

	2007	2006
	£	£
Obligations under finance leases	124,808	25,170
Bank loan	123,332	143,888
Other payables	-	6,668
	248,140	175,726

The bank loan is secured by a debenture and a fixed and floating charge over all current and future assets of the subsidiary, Pill protect Limited, and is repayable as follows

	2007	2006
	£	£
Due within one year	20,556	20,556
Due between one and two years	20,556	20,556
Due between two and five years	61,668	61,668
Due in more than five years	41,108	61,664
	143,888	164,444

The obligations under finance leases are secured by the related assets and are repayable as follows

		2007			2006	
	Capital	Interest	Total	Capital	Interest	Total
	£	£	£	£	£	£
Due within one year	94,452	18,813	113,265	10,924	2,193	13,117
Due between one and five years	124,808	25,829	150,637	25,170	5,050	30,220
	219,260	44,642	263,902	36,094	7,243	43,337

The Group in its ordinary course of business enters into hire purchase and finance lease agreements to fund or re-finance the purchase of equipment and motor vehicles The lease agreements are typically for periods of 3 years and do not have any contingent rent or escalation clauses The agreements have industry standard terms and do not contain any restrictions on dividends, additional debt or further leasing

The finance lease liability has an effective interest rate of 10% (2006 7 5%) Lease payments are made on a monthly basis The future lease obligation of £263,902 (2006 £43,337) has present value of £215,161 (2006 £36,528)

continued

20 DEFERRED TAX

	2007	2006
	£	£
Temporary timing differences	7,452	-

21 CALLED UP SHARE CAPITAL

Authorised	2007	2006
	£	£
600,000,000 Ordinary shares of 0 5p each - equity	3,000,000	3,000,000

Allotted, issued and fully paid	2007	2006
	£	£
415,666,665 Ordinary shares of 0 5p each - equity (2006 – 213,999,999)	2,078,334	1,070,000

During the year the following ordinary shares of 0 5p each were issued

Allotted for the acquisition of Electro-mec (Reading) Limited each at 1 41p	28,333,333
Allotted for cash at 0 75p each	133,333,333
Allotted for cash at 0 5p each	40,000,000
	201,666,666

The following options exist at 31 December 2007 which have been granted to subscribe for ordinary shares of the company as follows

Number of shares under option	Subscription price per share	Exercise period
3,000,000	1 5p	21 06 09 to 20 06 16
3,600,000	2 5p	21 06 09 to 20 06 16
3,600,000	3 0p	21 06 09 to 20 06 16
6,150,000	3 5p	21 06 09 to 20 06 16
25,650,000	0 75p	15 03 09 to 15 03 14

continued

22. SHARE BASED PAYMENTS

Share options – during the period the Company granted options to purchase ordinary shares of the company to the following

	Number	Exercise price
Directors	24,650,000	0 75p

The Company recognised the following total expenses and costs in respect of payments settled by options in the period

Recognised immediately and charged as an expense to the profit and loss account	17,887

The inputs into a modified Black-Scholes model used to calculate the fair values are as follows

Expected volatility *	70%
Expected life	5 years
Discount for newly listed company	20%
Dividend yield	0%
Market value of shares at date of grant	20 June 2006 – 1 5p, 15 March 2007 – 1 25p

* Expected volatility has been determined by looking at the share price since flotation

23 FINANCIAL INSTRUMENTS

(a) Policies and risks

The Group's financial instruments comprise cash, loans and various items such as trade debtors and trade creditors that arise directly from its operations Cash is used to raise finance for the Group's operations and acquisitions The main purpose of holding equity investments is to achieve capital growth and realise profits on their disposal

The main risk arising from the Group's financial instruments are interest rate risk, as all of the Group's borrowings are at floating rates of interest, and liquidity risk The Group has not entered into any derivative transactions

The Group is not subject to any foreign exchange risk as no monetary assets or liabilities are denominated in any currency other than sterling, except for the following

- Bank deposit account held in US Dollars of £2,984 included within cash and cash equivalents

Short term debtors and creditors have been excluded from the disclosures

(b) Currency profile

The Group's main functional currency is Pounds Sterling

continued

(c) Interest rate risk profile of financial liabilities

	Total	Fixed rate financial liabilities	Floating rate financial liabilities	Weighted average interest rate	Weighted average period for which rate is fixed
Currency - sterling	£	£	£	%	
31 December 2007					
Bank loans	143,888	-	143,888	7%	8 years
Invoice discounting	224,931	-	224,931	6 39%	variable
31 December 2006					
Bank loans	164,444	-	164,444	7%	8 years

The Group's floating rate financial liabilities bear interest at rates based on National Westminster Bank plc base rate

(d) Interest rate risk profile of financial assets

	Total	Floating rate financial assets	Financial assets on which no interest is earned
Currency	£	£	£
31 December 2007			
Sterling	96,113	96,113	-
31 December 2006			
Sterling	235,617	235,617	-

(e) Fair value of financial liabilities and financial assets

	31 December 2007		31 December 2006	
	Book value	Fair Value	Book value	Fair Value
	£	£	£	£
Short-term borrowings	339,939	339,939	31,480	31,480
Long-term borrowings	248,140	248,140	169,058	169,058
Cash	96,113	96,113	235,617	235,617

The fair value of financial liabilities is based on market rates of interest

24 CAPITAL COMMITMENTS

No capital commitments exist at the 31 December 2007

continued

25 LEASING COMMITMENTS

	2007		2006	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
In respect of contracts expiring as follows				
Within one year	18,150	-	-	-

26 PENSION COMMITMENTS

The Group makes defined contributions to the personal pension schemes of its employees and Directors The assets of these schemes are administered independently from those of the group The total contributions paid in the period amounted to £36,066 (2006 £3,166)

27 RELATED PARTY TRANSACTIONS

The Group owed J Bobbett £nil (2006 £2,392) at the year end, this balance was interest free and unsecured

During the period, rent, rates and general overheads of £23,464 (2006 £27,617) were recharged to Indigo Creations Limited, a company in which J Bobbett's wife has a material interest, and services totalling £73,024 were purchased from the company in the year The balance due to Indigo Creations Limited at 31 December 2007 was £3,727 (2006 £220)

28 TRANSITION FROM UK GAAP TO IFRS

As required under IFRS 1, the equity reconciliations at 1 January 2006 (the transition date for IFRS) and at 31 December 2006 (date of last UK GAAP financial statements) are set out below

The net effect of adopting IFRS rather than UK GAAP for the year ending 31 December 2006 is to increase total assets from £2,507,355 to £2,590,319, primarily due to the removal of the amortisation charge on purchased goodwill This change also has the effect of reducing the loss on ordinary activities for the year from £588,844 to £505,880

Reconciliation of UK GAAP equity to IFRS equity

	31 December 2006	1 January 2006
	£	£
Capital and reserves according to UK GAAP	2,140,325	199,863
Effect of adopting IFRS 3 – Business Combinations	89,222	-
Effect of adopting IAS 38 – Intangible Assets	(6,258)	-
Equity according to IFRS	2,223,289	199,863

The adoption of IFRS 3 led to the reversal of the amortisation previously charged on goodwill under UK GAAP and the adoption of IAS 38 resulted in further amortisation being charged on capitalised development costs

continued

28 TRANSITION FROM UK GAAP TO IFRS continued.

Reconciliation of UK GAAP balance sheets to IFRS balance sheets

	As at 31 December 2006			As at 1 January 2006		
	As previously reported under UK GAAP	Effect of transition	As restated under IFRS	As previously reported under UK GAAP	Effect of transition	As restated under IFRS
	£	£	£	£	£	£
ASSETS						
Non-current assets						
Investments	-	-	-	477,942	-	477,942
Property, plant and equipment	52,241	-	52,241	-	-	-
Goodwill	1,589,446	89,222	1,678,668	-	-	-
Other intangible assets	519,992	(6,258)	513,734	-	-	-
	2,161,679	82,964	2,244,643	477,942	-	477,942
Current assets						
Inventories	6,996	-	6,996	-	-	-
Trade receivables	33,377	-	33,377	-	-	-
Other current assets	69,686	-	69,686	380,947	-	380,947
Cash and cash equivalents	235,617	-	235,617	5,904	-	5,904
	345,676	-	345,676	386,851	-	386,851
Total assets	2,507,355	82,964	2,590,319	864,793	-	864,793

continued

28 TRANSITION FROM UK GAAP TO IFRS continued

	As at 31 December 2006			As at 1 January 2006		
	As previously reported under UK GAAP	Effect of transition	As restated under IFRS	As previously reported under UK GAAP	Effect of transition	As restated under IFRS
Equity attributable to equity holders of the parent						
Share capital	1,070,000	-	1,070,000	191,667	-	191,667
Share premium	1,846,600	-	1,846,600	195,637	-	195,637
Other reserves			-	-	-	-
Retained earnings	(776,275)	82,964	(693,311)	(187,431)	-	(187,431)
Total equity	2,140,325	82,964	2,223,289	199,863	-	199,863
Non-current liabilities						
Long-term borrowings	175,726	-	175,726	650,000	-	650,000
Current liabilities						
Trade and other payables	159,824	-	159,824	14,930	-	14,930
Current portion of long-term borrowings	31,480	-	31,480	-	-	-
Total current liabilities	191,304	-	191,304	14,930	-	14,930
Total liabilities	367,030	-	367,030	664,930	-	664,930
Total equity and liabilities	2,507,355	82,964	2,590,319	864,793	-	864,793

continued

28 TRANSITION FROM UK GAAP TO IFRS continued.

Reconciliation of UK GAAP income statements to IFRS income statements

	Year ended 31 December 2006		
	As previously reported under UK GAAP	Effect of transition	As restated under IFRS
	£	£	£
Revenue	71,467	-	71,467
Cost of sales	(31,301)	-	(31,301)
Gross profit	40,166	-	40,166
Administrative expenses	(572,459)	82,964	(489,495)
Operating loss	(532,293)	82,964	(449,329)
Finance income	19,649	-	19,649
Finance expenses	(76,200)	-	(76,200)
Loss before tax	(588,844)	82,964	(505,880)
Income taxes	-	-	-
Loss for the period	588,884	82,964	(505,880)
Loss per share	(0 45)p	0 06p	(0 39)p

29 EVENTS AFTER THE BALANCE SHEET DATE

On 28 March 2008 Avid Holdings plc announced that it had acquired the entire share capital of Alpha Anodising Ltd for an initial consideration of £627,000, which was satisfied by the issue of 6 4m new Ordinary Shares at a price of 0 5 pence and a cash payment of £595,000 Deferred consideration of up to £120,000, to be satisfied by the payment of cash, will be due, dependent on the future profits of Alpha Anodising for the six months following completion

30 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AVID HOLDINGS PLC

We have audited the parent company financial statements of Avid Holdings plc for the year ended 31 December 2007 which comprise the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors' Remuneration report that is described as being audited

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 for no purpose other than to draw to the attention of the Company's members those matters we are required to include in an auditors' report addressed to them To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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

We have reported separately on the Group financial statements of Avid Holdings plc for the year ended 31 December 2007

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report, the Director's Remuneration report and the parent company 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 parent company financial statements and the part of the Directors' Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Operational Review, Chief Executive Officer's Statement and Finance Director's Review that is cross referenced from the Business Review section of the Directors' Report

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration report, the Chairman's Statement, Operational Review, the Chief Executive Officer's Statement, the Finance Director's Review and the Corporate Governance Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements Our responsibilities do not extend to any other information

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 and the part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited 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 parent company financial statements and the part of the Directors' Remuneration Report to be audited

continued

Opinion

In our opinion

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007,
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Kingston Smith LLP

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London
EC1M 7AD

24 June 2008

HOLDING COMPANY FINANCIAL STATEMENTS
For The Year Ended 31 December 2007

COMPANY BALANCE SHEET (presented under UK GAAP)

	Notes	2007 £	2007 £	2006 £	2006 £
FIXED ASSETS					
Tangible assets	3		4,288		-
Investments	4		2,321,556		1,343,386
			2,325,844		1,343,386
CURRENT ASSETS					
Debtors	5	1,392,012		1,006,000	
Cash at bank		73,949		227,126	
		1,465,961		1,233,126	
CREDITORS					
Amounts falling due within one year	6	130,764		135,137	
NET CURRENT ASSETS			1,335,197		1,097,989
TOTAL ASSETS LESS CURRENT LIABILITIES			3,661,041		2,441,375
CAPITAL AND RESERVES					
Called up share capital	7		2,078,334		1,070,000
Other equity reserve	8		17,887		-
Share premium	8		2,383,736		1,846,600
Profit and loss account	8		(818,916)		(475,225)
SHAREHOLDERS' FUNDS	9		3,661,041		2,441,375

The financial statements were approved by the Board of Directors on 24 June 2008 and were signed on its behalf by

J S Bobbett - Director

M M Walter - Director

1 ACCOUNTING POLICIES

The Holding Company financial statements are prepared in accordance with United Kingdom accounting standards

Accounting convention
The financial statements have been prepared under the historical cost convention and on a going concern basis and in accordance with UK GAAP

Turnover
Turnover represents net invoiced sales of services, excluding value added tax

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Office equipment - 33% on cost

Taxation
The charge for taxation is based on the result for the year and takes into account deferred taxation Provision is made for material deferred taxation, in respect of all timing difference that have originated but not reversed at the balance sheet date Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not, that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected lives The interest element of the rental obligations is charged to the profit an d loss account over the period and represents a constant proportion of the capital repayments outstanding Rentals under operating leases have been charged to the profit and loss account on a straight line basis over the lease term

Pension costs and other post-retirement benefits
Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

2 STAFF COSTS

	2007	2006
	£	£
Wages and salaries	165,916	95,933
Social security costs	16,124	6,228
Other pension costs	350	2,100
	182,390	104,261

The average monthly number of employees during the year was as follows

	2007	2006
Directors	5	5
Administration	1	-
	6	5

continued

3 TANGIBLE FIXED ASSETS

	Office equipment £
COST	
Additions	4,546
At 31 December 2007	4,546
DEPRECIATION	
Charge for year	258
At 31 December 2007	258
NET BOOK VALUE	
At 31 December 2007	4,288

4 FIXED ASSET INVESTMENTS

	Investments in subsidiaries £
COST	
At 1 January 2007	1,343,386
Additions	978,170
At 31 December 2007	2,321,556
NET BOOK VALUE	
At 31 December 2007	2,321,556
At 31 December 2006	1,343,386

5 DEBTORS

	2007 £	2006 £
Amounts falling due within one year		
Trade debtors	823	3,701
Amounts owed by group undertakings	34,935	58,804
Other debtors	5,051	46,500
VAT	8,183	1,546
Prepayments	5,134	5,015
	54,126	115,566
Amounts falling due after more than one year		
Amounts owed by group undertakings	1,337,886	890,434
Aggregate amounts	1,392,012	1,006,000

continued

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	25,018	8,622
Amounts owed to group undertakings	79,150	-
Social security and other taxes	3,726	-
Other creditors	4,157	-
Accrued expenses	18,713	126,515
	130,764	135,137

7 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal value	2007 £	2006 £
600,000,000	Ordinary	0 5p	300,000	300,000

Allotted, issued and fully paid

Number	Class	Nominal value	2007 £	2006 £
415,666,665 (2006 – 213,999,999)	Ordinary	0 5p	2,078,334	1,070,000

During the year the following ordinary shares of 0 5p each were issued

Allotted for the acquisition of Electro-mec (Reading) Limited each at 1 41p	28,333,333
Allotted for cash at 0 75p each	133,333,333
Allotted for cash at 0 5p each	40,000,000
	201,666,666

8 STATEMENT OF MOVEMENT IN RESERVES

	Profit and loss account £	Other equity reserve £	Share premium £	Totals £
At 1 January 2007	(475,225)	-	1,846,600	1,371,375
Deficit for the year	(343,691)	-	-	(343,691)
Cash share issue	-	-	537,136	537,136
Share based payments provision	-	17,887	-	17,887
	(818,916)	17,887	2,383,736	1,582,707

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Loss for the financial year	(343,691)	(287,794)
Share issue	1,008,334	878,333
Share premium	537,136	1,650,973
Share based payment	17,887	-
Net addition to shareholders' funds	1,219,666	2,241,512
Opening shareholders' funds	2,441,375	199,863
Closing shareholders' funds	3,661,041	2,441,375

10 RELATED PARTY DISCLOSURES

Exemption is taken from related party disclosures in respect of group transactions on the grounds that details of the Company are included in the group consolidated accounts