

Novatech Holdings Limited
(formerly Shoo484 Limited)

**Directors' report and financial
statements**

Registered number 7033534
30 April 2010

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Consolidated Cash Flow Statement
for the year ended 30 April 2010

	<i>Note</i>	2010 £	2009 £
Cash flow statement			
Cash flow from operating activities	22	(265,510)	263,467
Returns on investments and servicing of finance	23	468	17,708
Taxation		(147,293)	(503,751)
Capital expenditure	23	219,005	(134,767)
Dividends paid on shares classified in shareholders' funds	9	(1,790,993)	(318,500)
		<hr/>	<hr/>
Cash (outflow) before management of liquid resources and financing		(1,984,323)	(675,843)
Financing	23	611,574	(171,600)
		<hr/>	<hr/>
Decrease in cash in the period		(1,372,749)	(847,443)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
	24		
Decrease in cash in the period		(1,372,749)	(847,443)
Cash inflow from increase in bank loans		(610,573)	171,600
		<hr/>	<hr/>
Movement in net debt in the period		(1,983,322)	(675,843)
Net debt at the start of the period		3,226,306	3,902,149
		<hr/>	<hr/>
Net debt at the end of the period		1,242,984	3,226,306
		<hr/>	<hr/>

Note of consolidated historical cost profits and losses
for the year ended 30 April 2010

	2010 £	2009 £
Reported profit on ordinary activities before taxation	753,129	728,290
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	14,407	17,193
Historical cost profit on ordinary activities before taxation	767,536	745,483
Historical cost profit for the year retained after taxation and dividends	(1,221,054)	(191,438)

Reconciliations of Movements in Shareholders' Funds
for the year ended 30 April 2010

	Group 2010 £	2009 £	Company 2010 £	2009 £
Profit for the financial year	554,932	522 320	-	-
Dividends on shares classified in shareholders funds	(1,790,993)	(348,075)	-	-
Retained profit	(1,236,001)	174 245	-	-
New share capital subscribed (net of issue costs)	1,001	-	1,001	-
Net addition to / [reduction in] shareholders' funds	(1,235,060)	174,245	1,001	-
Opening shareholders funds	5,133,045	4,958,800	535,500	535,500
Closing shareholders' funds	3,897,985	5,133,045	536,501	535,500

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets. The financial statements have been prepared on a going concern basis. The company has considerable financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2010. The merger accounting method has been adopted. Under this method, the results of the subsidiary undertakings acquired in year are included in the consolidated profit and loss account from the start of the year.

On the 22 March 2010, the company was incorporated and acquired the entire issued share capital of Novatech Limited in a share exchange. The transaction has been accounted for under merger method of accounting in order to reflect properly the substance of the transaction. Under the merger method, subsidiaries acquired are included as if they had always been members of the group.

Under S408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost and are amortised to nil by equal annual instalments over their useful economic lives.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years on a straight line basis
Leasehold land and buildings	-	Over the term of the lease
Plant and machinery	-	20% on a straight line basis
Fixtures and fittings	-	20% on a straight line basis
Motor vehicles	-	20% on reducing balance
Computer equipment	-	20% on a straight line basis
Website	-	20% on a straight line basis

No depreciation is provided on freehold land.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment properties

Investment properties are accounted for in accordance with SSAP 19. Investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Turnover

Revenue comprises of sales of goods and services excluding value added tax. Revenue from sales of goods is recognised at the point of sale, or where later, upon delivery to the customer and is stated net of returns. Revenue earned from customer support agreements is recognised as such over the life of the agreement by reference to the stage of completion of the transaction at the balance sheet date.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Share based payments

FRS 20 requires the fair value of options and share awards relating to the company, which ultimately vest to be charged to the company's profit and loss account over the vesting or performance period. For equity-settled transactions the fair value is determined at the date of grant using an appropriate pricing model. For cash-settled transactions fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. If an award fails to vest as a result of certain types of performance condition not being satisfied, the charge to the profit and loss account will be adjusted to reflect this.

Pensions

Contributions to employees' personal pension schemes are charged to the profit and loss account in the year to which they relate.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do meet this criteria are disclosed in the notes to the financial statements.

2 Turnover

	2010 £	2009 £
United Kingdom	36,605,187	41,643,212

3 Notes to the profit and loss account

	2010 £	2009 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation	149,209	249,503
Amortisation	3,393	-
Loss on disposal of fixed assets	57,982	972
Opening lease rentals -		
Land and building	121,530	105,487
Other	3,829	-
Rental Income	(75,000)	(74,932)
Net profit on foreign currency transaction	(314,800)	(122,348)

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

Auditors remuneration

	2010 £	2009 £
Audit of the financial statements current auditors	20,000	-
Audit of financial statements former auditors	-	17,000
Other services former auditors	-	3,000

Notes (continued)

4 Remuneration of directors

	2010 £	2009 £
Directors' emoluments	737,370	935,795
Company contributions to money purchase pension schemes	8,460	7,151

	Number of directors	
	2010	2009
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	6	6

	2010 £	2009 £
The amounts in respect of highest paid directors are as follows		
Emoluments	169,000	268,704

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	Group 2010	Group 2009
Administration	34	14
Marketing	2	-
Production and distribution	115	122
	151	136

The aggregate payroll costs of these persons were as follows

	Group 2010 £	Group 2009 £
Wages and salaries	3,126,666	3,216,577
Social security costs	302,696	305,185
Other pension costs	49,137	55,511
	3,478,499	3,577,273

Notes (continued)

6 Other interest receivable and similar income

	2010 £	2009 £
Bank interest receivable	18,311	20,013

7 Interest payable and similar charges

	2010 £	2009 £
Bank interest payable	17,588	11,869
Other interest payable	255	1,975
	17,843	13,844

8 Taxation

Analysis of charge in period

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax on income for the period	143,237	225,213
Adjustments in respect of prior periods	(7,725)	2,295
Total current tax	135,512	222,918
<i>Deferred tax (see note 17)</i>		
Origin/reversal of timing differences	62,685	(16,948)
Tax on profit on ordinary activities	198,197	205,970

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	753,129	728,290
Current tax at 28%	210,876	203,921
<i>Effects of</i>		
Depreciation and disposal of fixed assets exceeding capital allowances	(47,993)	19,235
Expenses not deductible for tax purposes	6,517	1,171
Enhanced R&D expenditure	(5,515)	-
Marginal rate relief	(20,648)	(216)
Adjustments to tax charge in respect of previous periods	(7,725)	2,295
Other timing differences	-	(3,488)
Total current tax charge (see above)	135,512	222,918

9 Dividends

The aggregate amount of dividends comprises

	2010 £	2009 £
Interim dividends paid in respect of the current year	1,790,993	348,075

The dividends were paid by Novatech Limited prior to the acquisition by Novatech Holdings Limited on 22 March 2010

Notes (continued)

10 Intangible fixed assets

Group	Other intangibles £	Total £
Cost		
At 1 May 2009	-	-
Additions	16 965	16 965
	<hr/>	<hr/>
At 30 April 2010	16 965	16,965
	<hr/>	<hr/>
Amortisation		
At 1 May 2009	-	-
Charged in year	3,393	3 393
	<hr/>	<hr/>
At 30 April 2010	3,393	3,393
	<hr/>	<hr/>
Net book value		
At 30 April 2010	13,572	13,572
	<hr/>	<hr/>
At 30 April 2009	-	-
	<hr/>	<hr/>

The group has no intangible assets

11 Tangible fixed assets

Group	Freehold land £	Freehold & leasehold buildings £	Investment property £	Plant and machinery £	Fixtures, fittings, equipment, website & motor vehicles £	Total £
Cost or valuation						
At beginning of year	750 000	2 495 982	814 664	191,928	1,746 370	5,998,944
Additions	-	43 433	-	-	31 382	74,815
Disposals	-	-	-	-	(626 333)	(626,333)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	750 000	2 539 415	814,664	191 928	1,151 419	5 447,426
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At beginning of year	-	38 553	-	178 063	1 183,030	1,399,646
Charge for year	-	71 301	-	12 777	65,131	149 209
On disposals	-	-	-	-	(257,566)	(257,566)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	109 854	-	190 840	990 595	1,291,289
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 30 April 2010	750,000	2,429,561	814,664	1,088	160,824	4,156,137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2009	750 000	2 457 429	814 664	13,865	563,340	4,599,298
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Tangible fixed assets (continued)

Cost or valuation is represented by

	Freehold land £	Freehold & leasehold buildings £	Investment property £	Plant and machinery £	Fixtures, fittings, equipment, website & motor vehicles £	Total £
<i>Cost or valuation</i>						
Valuation	750 000	1 700 000	814,664	-	-	3,264,664
Cost	-	839 415	-	191 928	1,151,419	2,182,762
At end of year	750 000	2 539 415	814 664	191,928	1,151,419	5,447 426

The net book value of freehold & leasehold buildings comprises

	2010 £	2009 £
Freehold property at valuation	1,700,000	1,700 000
<i>Other properties at cost</i>		
Long leasehold	535,121	535,121
Short leasehold	222,308	222,308
Total	2,457,429	2 457,429

If freehold land and buildings had not been revalued they would have been included at the following historical cost

	2010 £	2009 £
Cost	1,432,070	1,432,070
Aggregate depreciation	(306,573)	(292,166)
Net book value of freehold land and buildings	1,125,497	1,139 904

Freehold land and buildings were valued on an open market basis on 30 April 2009 by Lambert Smith Hampton, Chartered Surveyors

Lambert Smith Hampton, Chartered Surveyors confirm the valuation report has been made in accordance with RICS Appraisal and Valuation Manual

The directors have performed an interim valuation and confirmed there has been no change in the market value of the properties

The company holds no fixed assets

Notes (continued)

12 Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Finished goods and goods for resale	2,409,485	1 930 406	-	-

13 Fixed asset investments

	Shares in group undertaking £	Total £
Company		
<i>Cost and net book value</i>		
At 30 April 2009 and at 30 April 2010	535 500	535,500

The undertakings in which the Company's interest at the year end is more than 20% are as follows

<i>Subsidiary undertakings</i>	Country of incorporation	Principal activity	Results for the year	Class and percentage of shares held
Novatech Limited	UK	Computer manufacturer and retail	554 932	Ordinary 100%

The group has no investments

14 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,053,948	733,481	-	-
Other debtors	193,453	2,448	1,001	-
Prepayments and accrued income	255,310	446 453	-	-
Deferred tax assets (note 17)	-	31,088	-	-
	1,502,711	1,213,470	1,001	-

Notes (continued)

15 Creditors amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Current instalment due on bank loan (note 16)	318,276	171,600	-	-
Trade creditors	3,880,173	4,407,113	-	-
Corporation tax	71,137	82,918	-	-
Taxation and social security	443,599	437,059	-	-
Other creditors	43,647	87,428	-	-
Accruals and deferred income	856,261	730,166	-	-
	<u>5,613,093</u>	<u>5,916,284</u>	<u>-</u>	<u>-</u>

16 Creditors amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Loans	1,379,196	915,299	-	-
Accruals and deferred income	100,490	91,751	-	-
	<u>1,479,686</u>	<u>1,007,050</u>	<u>-</u>	<u>-</u>

The bank loan is secured by a charge over the company freehold land and building at the Castle Trading Company Estate, Portchester. The rate of interest payable on the loans is 1% above the base rate.

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts repayable -				
In one year or less	318,276	171,600	-	-
In more than one year but not more than two years	318,276	171,600	-	-
In more than two years but not more than 5 years	954,828	514,800	-	-
	<u>1,591,380</u>	<u>858,000</u>	<u>-</u>	<u>-</u>
In more than five years	106,092	228,899	-	-
	<u>1,697,472</u>	<u>1,086,899</u>	<u>-</u>	<u>-</u>
Less included in creditors amounts falling due within 1 year	(318,276)	(171,600)	-	-
	<u>1,379,196</u>	<u>915,299</u>	<u>-</u>	<u>-</u>

Notes (continued)

17 Provisions for liabilities

	Deferred taxation £	Total £
Group		
At beginning of year	(31 088)	(31 088)
Charge to the profit and loss for the year	62,685	62 685
Additional amounts provided		
At end of year	31,597	31,597

The elements of deferred taxation are as follows

	2010 £	2009 £
Difference between accumulated depreciation and amortisation and capital allowances	31,597	(31,088)

18 Called up share capital

	2010 £
<i>Allotted, called up and fully paid</i>	
535 500 Class A Ordinary shares of £1 each	535,500
<i>Allotted and called up</i>	
1 Class C Ordinary shares of £1 each	1
1 000 Class D Ordinary shares of £1 each	1,000
At 30 April 2010	536,501

During the period the company issued 535 500 Class A shares at par value, 1 Class C share at par value and 1,000 Class D shares at par value

Notes (continued)

19 Share premium and reserves

Group	Revaluation reserve £	Other reserves £	Profit and loss account £
At beginning of year	769,888	164,485	3,663,172
Profit for the year	-	-	554,932
Dividends	-	-	(1,790,993)
Transfer to/from revaluation reserve	(14,407)	-	14,407
At 30 April 2010	755,481	164,485	2,441,518

Company	Other reserves £	Other reserves £	Profit and loss account £
At beginning of year	-	-	-
Profit for the year	-	-	-
Dividends	-	-	-
Transfer to/from revaluation reserve	-	-	-
At 30 April 2010	-	-	-

20 Pension scheme

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £55,511.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Employee share schemes

Share based payments

At the 30 April the company had in issue the following share options through which holders of such options may acquire shares:

Class of shares	No's of options	Exercise Price	Period options exercisable
A Ordinary shares	11,111	£9.00	22 March 2010 – 21 March 2020
B Ordinary shares	26,000	£9.00	22 March 2010 – 21 March 2020

The Directors consider the share options will be settled through issue of the relevant equity. As the options are only exercisable in the event of the sale of the company or its listing on a recognised stock exchange, no further disclosure has been provided in accordance with the accounting policy.

Notes (continued)

22 Reconciliation of operating profit to operating cash flows

	2010 Total £	2009 Total £
Operating profit	752,661	722,121
Depreciation amortisation and impairment charges	152,602	249,503
Loss on sale of fixed assets	57,982	972
(Increase)/decrease in stocks	(479,079)	434,870
(Increase)/decrease in debtors	(320,329)	464,898
Decrease in creditors	(429,347)	(1,608,897)
Net cash inflow/outflow from operating Activities	(265,510)	263,467

23 Analysis of cash flows

	2010 £	2010 £	2009 £	2009 £
Returns on investment and servicing of finance				
Interest received	18,311		29,824	
Interest paid	(17,843)		(12,116)	
		468		17,708
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(90,127)		(154,817)	
Sale of tangible fixed assets	309,132		20,050	
		219,005		(134,767)
Financing				
Issue of ordinary share capital	1,001		-	
Repayment of borrowings	(171,600)		(171,600)	
Increase in loans	782,173		-	
		611,574		(171,600)

Notes (continued)

24 Analysis of net debt

	At beginning of year £	Cash flow £	Translation differences £	At end of year £
Cash in hand at bank	4 313 205	(1 372 749)	-	2,940,456
Debt due after one year	(171 600)	171 600	(318,276)	(318,276)
Debt due within one year	(915 299)	(782 173)	318,276	(1,379,196)
Total	3,226,306	(1,983,322)	-	1,242,984

25 Related party disclosures

The Company is controlled by Mr & Mrs DRM Furby, who are the majority shareholders

Group

During the year the following purchases were made by the directors

	2010 £	2009 £
DRM Furby	643	484
GM Giles	762	757
S Long More	20	385
DA Payne-Shelley	5,128	-
C Pomroy	918	4,984
MA Stacey	537	1,210
J Wilson	1,058	711

During the year the group made a loan to DRM Furby the maximum amount outstanding during the year was £271,088 Included in creditors at the year end is £221 (2009 £502), was owed to DRM Furby The loans exceed £10,000 and therefore contravene section 197 of the Companies Act 2006

During the year the group had sold motor vehicles for £200,000 (2009 nil) to DRM Furby and £35,000 (2009 nil) to J Furby These sales were made at arms length

Company

During the period the company purchased 100% of the share capital of Novatech in exchange for shares in Novatech Holdings Limited The shares were purchased from Mr & Mrs DRM Furby for £535,500

Directors' report

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

Results and dividends

The profit for the year after taxation, amounted to £554,932. Ordinary dividends of £1,790,993 were paid during the year.

Principal activities

The principal activity of the group during the year was the assembly and supply of personal computers, computer peripherals and software. Our main routes to market are via internet retail, trade counters and our Corporate Sales Team.

The company incorporated on 29 September 2009 as SHOO484 Limited. On 19 April 2010, the company changed its name to Novatech Holdings Limited.

The company acquired 100% of the share capital of Novatech Limited on 22 March 2010. This acquisition has been accounted for under the merger method which assumes the group has always been in existence and therefore comparatives are presented.

Business Review

The Directors are disappointed with the results compared with the previous years but feel they are acceptable given the current economic recession.

The group has seen turnover decrease from £41.6m to £36.6m, overall the decrease of £5.0m or 13.6%. £3m of this reduction was due to a strategic decision made by the Directors to withdraw from a lower margin part of the business that is no longer viewed as attractive. The balance of the reduction in turnover of £2.0m for 5.5% compares very favourably with many of our competitors.

We are confident we can remain profitable in the short term and increase profits in the medium term as the recession comes to an end and the economy picks up. The Directors see the company's key strengths as having a focussed strategy, and effective Management Team and a skilled, loyal staff to deliver it.

Financial risk management

The group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Foreign exchange risk

The main financial risk to which the group is exposed to is fluctuations in the US dollar and Euro exchange rates, with a high proportion of the business product cost being denominated in these currencies.

The group policy is to manage any exchange risk by monitoring rates closely and purchasing currency when trends present benefit to the group in order to ensure funds are available for settlement of liabilities due. The group has no exposure to equity securities price risk as it holds no other equity investments.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Debt finance is not utilised. In addition the group manages any potential risk by insuring its credit sales against non-payment.

Liquidity risk

The group retains sufficient cash to ensure it has sufficient funds available for operations.

Directors' report *(continued)*

Interest rate cash flow risk

The group hold no interest bearing assets or trade liabilities. The long term loan from the group's bankers is subject to interest at LIBOR plus a margin of 1% per annum.

Going Concern

The financial statements have been prepared on a going concern basis. No material uncertainties that cause significant doubt about the ability of the company to continue as a going concern have been identified by the Directors.

The group has considerable financial resources. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Key performance indicators

The key financial performance indicators in the business, predominately dealing with sales, margin, stock, customers and overheads, have been identified and are monitored and reported to staff on a monthly basis.

Directors

The current directors who served the group during the year and subsequent to the year end were as follows:

DRM Furby (appointed 22 March 2010)

J Furby (appointed 22 March 2010)

DA Payne-Shelley (appointed 22 March 2010)

S Sadler (appointed 29 September 2009, resigned 22 March 2010)

Enterprise management incentive scheme

The group has an Enterprise Management Incentive (EMI) scheme for the directors of the group who served prior to the year ended 30 April 2010. The EMI option is a right to acquire shares in the group. The 37,111 options are exercisable for £9 per share in the future subject to particular terms and conditions being satisfied. As the options are only exercisable in the event of the sale of the company or its listing on a recognised stock exchange, no further disclosure has been provided in accordance with the accounting policy.

Research and development

The group is committed to research and development activities in order to maintain and to improve upon its commitment to quality and innovation.

Research and development expenses in the year amounted to £55,283.

Employees

The group's policy is to consult and discuss with employees, through the employee forum and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through regular meetings, formal consultations and information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Disabled employees

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given once employed. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' report *(continued)*

Political and charitable contributions

The group made charitable donations during the year of £2,852

Disclosure of information to auditors

In the opinion of the directors the market value of the land and buildings is not materially different from their book value

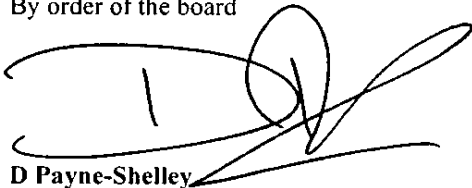
Disclosure of information to auditors

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

Auditors

During the year KPMG LLP was appointed as auditor. In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors of the group is to be proposed at the forthcoming Annual General Meeting

By order of the board



D Payne-Shelley
Secretary

Harbour House
Hamilton Road
Castle Trading Estate
Cosham
Hampshire
PO6 4PU

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

Dukes Keep
Marsh Lane
Southampton
SO14 3EX
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVATECH HOLDINGS LIMITED

We have audited the financial statements of Novatech Holdings Limited for the year ended 30 April 2010 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Novatech Holdings Limited *(continued)*

Matters on which we are required to report by exception

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

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

W Smith

W Smith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Dukes Keep,
Marsh Lane,
Southampton
SO14 3EX

20th December 2010

Consolidated Profit and Loss Account
for the period ended 30 April 2010


	<i>Note</i>	2010 £	2009 £
Group Turnover	2	36,605,187	41,643,212
Cost of sales	3	(32,859,059)	(38,099,011)
Gross profit		3,746,128	3,544,201
Administrative expenses	3	(3,068,467)	(2,897,012)
Other operating income		75,000	74,932
Group operating profit		752,661	722,121
Other interest receivable and similar income (Group)	6	18,311	20,013
Interest payable and similar charges	7	(17,843)	(13,844)
Profit on ordinary activities before taxation		753,129	728,290
Tax on profit on ordinary activities	8	(198,197)	(205,970)
Profit for the financial year	19	554,932	522,320

All amounts related to operating are continuity

Consolidated Balance Sheet
at 30 April 2010

	<i>Note</i>	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	10		13,572		-
Tangible assets	11		4,156,137		4,599,298
			<u>4,169,709</u>		<u>4,599,298</u>
Current assets					
Stocks	12	2,409,485		1,930,406	
Debtors	14	1,502,711		1,213,470	
Cash at bank and in hand		2,940,456		4,313,205	
		<u>6,852,652</u>		<u>7,457,081</u>	
Creditors amounts falling due within one year	15	(5,613,093)		(5,916,284)	
Net current assets			<u>1,239,559</u>		<u>1,540,797</u>
			5,409,268		6,140,095
Total assets less current liabilities					
Creditors amounts falling due after more than one year	16		(1,479,686)		(1,007,050)
Provisions for liabilities	17		(31,597)		-
Net Assets			<u>3,897,985</u>		<u>5,133,045</u>
Capital and reserves					
Called up share capital	18		536,501		535,500
Revaluation reserve	19		755,481		769,888
Other reserves	19		164,485		164,485
Profit and loss account	19		2,441,518		3,663,172
Equity			<u>3,897,985</u>		<u>5,133,045</u>

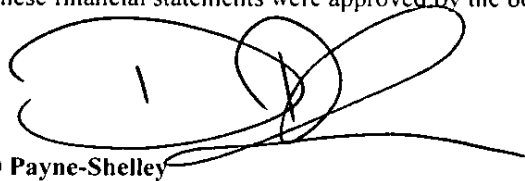
These financial statements were approved by the board of directors on 20/12/10 and were signed on its behalf by


D Payne-Shelley
Director

Company Balance Sheet
at 30 April 2010

	<i>Note</i>	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Investments	13		535,500		535,500
Current assets					
Debtors	14	1,001		-	
Net current assets			1,001		-
Total assets less current liabilities			536,501		535 500
Net Assets			536,501		535 500
Capital and reserves					
Called up share capital	18		536,501		535,500
Equity			536,501		535,500

These financial statements were approved by the board of directors on 20/11/10 and were signed on its behalf by


D Payne-Shelley
Director