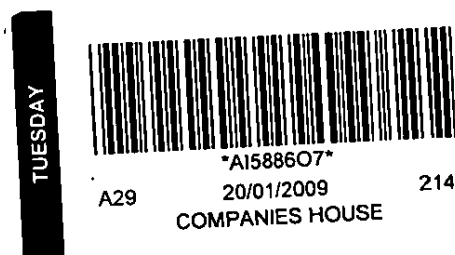


Company Registration No: 2983376 (England & Wales)

AXIS ELECTRONICS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008



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AXIS ELECTRONICS LIMITED

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AXIS ELECTRONICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and financial statements for the year ended 31 March 2008.

Principal activities and review of the business

The results for the year are set out in detail on page 5.

The turnover for the year amounted to £8,084,287 (2007: £7,423,386) and an operating profit of £1,058,591 (2007: £426,469) was achieved. The profit on ordinary activities before taxation amounted to £941,173 (2007: £363,560). The retained profit of £778,926 (2007: £291,875) was transferred to reserves.

The Shareholder's Funds at the end of the year amounted to £2,340,821 (2007: £1,561,895).

The company continued to consolidate its position as a leading specialist supplier of high reliability solutions in low-medium volume electronic manufacturing services to customers who are market leaders in their field.

The major area of risk or uncertainty in the business is the level of demand from customers for the company's services. This demand depends in turn on the level of sales our customers achieve and the level of service and technical efficiency the company gives to customers. The company has a spread of customers, who serve different economic sectors, and pays particular attention to technical and process development, as well as basic customer service.

The company's revenue and profitability has developed well during the year, as have its business processes and information systems.

The directors monitor various key performance indicators, such as gross profit to sales, which rose from 43.4% in 2007 to 43.8% in 2008 and revenue growth, which was 9% from 2007 to 2008.

The directors expect the company to continue to grow by developing its processes and services to customers profitably.

Results and dividends

The results for the year are set out on page 4.

Research and development

During the year the company continued to undertake the programme of research and development. The company expects to continue to expend resources on developing its products and processes to reduce technical uncertainty, improve efficiency and save waste in 2008/09 and beyond.

Directors

The following directors have held office since 1 April 2007:

A Cross

P Inness

C Nye

(Appointed 11 March 2008)

P Jackson

(Appointed 11 March 2008)

Charitable donations

2008
£

2007
£

During the year the company made the following payments:

Charitable donations

6,792

5,066

AXIS ELECTRONICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

Auditors

Mercer & Hole are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

Statement of disclosure to auditors

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

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A Cross

Director

16 December 2008

AXIS ELECTRONICS LIMITED

INDEPENDENT AUDITORS' REPORT TO AXIS ELECTRONICS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of Axis Electronics Limited for the year ended 31 March 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Mercer & Hole

Mercer & Hole

16 December 2008

Chartered Accountants
Registered Auditor

420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

AXIS ELECTRONICS LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2008**

		2008	2007
	Notes	£	£
Gross profit		3,532,472	3,221,183
Administrative expenses		(2,473,881)	(2,794,714)
Operating profit	2	1,058,591	426,469
Other interest receivable and similar income		1,373	695
Interest payable and similar charges	4	(118,791)	(63,604)
Profit on ordinary activities before taxation		941,173	363,560
Tax on profit on ordinary activities	5	(162,247)	(71,685)
Profit for the year	14	778,926	291,875

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AXIS ELECTRONICS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	6	1,064,976		901,538	
Current assets					
Stocks	7	1,282,685		1,157,786	
Debtors	8	2,215,177		2,538,146	
Cash at bank and in hand		160,867		192,679	
		<u>3,658,729</u>		<u>3,888,611</u>	
Creditors: amounts falling due within one year	9	<u>(2,042,415)</u>		<u>(2,869,322)</u>	
Net current assets		<u>1,616,314</u>		<u>1,019,289</u>	
Total assets less current liabilities		<u>2,681,290</u>		<u>1,920,827</u>	
Creditors: amounts falling due after more than one year	10	(212,793)		(291,303)	
Provisions for liabilities	11				
Deferred tax liability		(127,676)		(67,629)	
		<u>2,340,821</u>		<u>1,561,895</u>	
Capital and reserves					
Called up share capital	13	10,000		10,000	
Profit and loss account	14	2,330,821		1,551,895	
Shareholders' funds	15	<u>2,340,821</u>		<u>1,561,895</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 16 December 2008

P. J. Inness

P Inness
Director

AXIS ELECTRONICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	£	2008 £	£	2007 £
Net cash inflow from operating activities		714,696		292,081
Returns on investments and servicing of finance				
Interest received	1,373		695	
Interest paid	(68,806)		(45,371)	
Interest element of finance lease rentals	(49,985)		(18,233)	
Net cash outflow for returns on investments and servicing of finance		(117,418)		(62,909)
Taxation		(56,988)		(54,176)
Capital expenditure				
Payments to acquire tangible assets	(169,863)		(32,007)	
Receipts from sales of tangible assets	-		100	
Net cash outflow for capital expenditure		(169,863)		(31,907)
Net cash inflow before management of liquid resources and financing		370,427		143,089
Financing				
New long term bank loan	-		120,000	
Repayment of long term bank loan	(86,868)		(33,132)	
Capital element of hire purchase contracts	(315,371)		(109,703)	
Net cash outflow from financing		(402,239)		(22,835)
(Decrease)/increase in cash in the year		(31,812)		120,254

AXIS ELECTRONICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

1	Reconciliation of operating profit to net cash inflow from operating activities	2008	2007
		£	£
	Operating profit	1,058,591	426,469
	Depreciation of tangible assets	220,254	174,600
	Profit on disposal of tangible assets	-	(100)
	Increase in stocks	(124,899)	(361,623)
	Decrease/(increase) in debtors	322,969	(1,072,512)
	(Decrease)/Increase in creditors within one year	(762,219)	1,139,038
	Movement in warranty provision	-	(13,791)
	Net cash inflow from operating activities	714,696	292,081

2	Analysis of net debt	1 April 2007	Cash flow	Other non-cash changes	31 March 2008
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	192,679	(31,812)	-	160,867
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(421,888)	315,371	(213,829)	(320,346)
	Debts falling due within one year	(57,425)	57,425	-	-
	Debts falling due after one year	(29,443)	29,443	-	-
	Net debt	(316,077)	370,427	(213,829)	(159,479)

3	Reconciliation of net cash flow to movement in net debt	2008	2007
		£	£
	(Decrease)/increase in cash in the year	(31,812)	120,254
	Cash outflow from decrease in debt and lease financing	402,239	22,836
	Change in net debt resulting from cash flows	370,427	143,090
	New finance lease	(213,829)	(312,693)
	Movement in net debt in the year	156,598	(169,603)
	Opening net debt	(316,077)	(146,474)
	Closing net debt	(159,479)	(316,077)

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the sale of goods and services excluding VAT and, in accordance with Financial Reporting Standard No 5, is recognised as contracted activity progresses.

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15-25% reducing balance
Office furniture and fittings	25% reducing balance or 15-25% straight line
Motor vehicles	25% reducing balance

1.5 Leasing

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

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

1.6 Stock and work in progress

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Stock which is likely to become redundant or no longer saleable is deemed obsolete and provided against.

1.7 Pensions

The company operates a defined contribution scheme for eligible employees. Contributions payable to this scheme are charged to the profit & loss account in the period to which they relate. These contributions are invested separately from the company's assets. The assets of the scheme are held in an independently administered fund.

1.8 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All gains or losses on exchange are taken to profit and loss account.

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

2	Operating profit	2008	2007
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	220,254	174,600
	Loss on foreign exchange transactions	1,368	33,296
	Research and development	40,387	18,250
	Operating lease rentals		
	- Plant and machinery	32,354	22,705
	Auditors' remuneration (including expenses and benefits in kind)	12,000	9,000
	and after crediting:		
	Profit on disposal of tangible assets	-	(100)
		<u> </u>	<u> </u>
3	Investment income	2008	2007
		£	£
	Bank interest	1,373	695
		<u> </u>	<u> </u>
		1,373	695
		<u> </u>	<u> </u>
4	Interest payable	2008	2007
		£	£
	On bank loans and overdrafts	5,075	5,151
	Lease finance charges	49,985	18,233
	Other interest	63,731	40,220
		<u> </u>	<u> </u>
		118,791	63,604
		<u> </u>	<u> </u>

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

5 Taxation	2008	2007
	£	£
Domestic current year tax		
U.K. corporation tax	158,278	56,743
Adjustment for prior years	(56,078)	-
	<u>102,200</u>	<u>56,743</u>
Current tax charge		
Deferred tax		
Deferred tax charge/credit current year	60,047	14,942
	<u>162,247</u>	<u>71,685</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>941,173</u>	<u>363,560</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 19.00%)	<u>282,352</u>	<u>69,076</u>
Effects of:		
Non deductible expenses	3,482	2,962
Depreciation add back	66,076	33,155
Capital allowances	(98,474)	(47,463)
Adjustment to previous periods	(56,078)	-
Other tax adjustments	(4,100)	-
Research & development tax credit	(91,058)	(987)
	<u>(180,152)</u>	<u>(12,333)</u>
Current tax charge	<u>102,200</u>	<u>56,743</u>

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

6 Tangible fixed assets

	Plant and machinery	Office furniture and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2007	1,786,459	365,210	5,000	2,156,669
Additions	304,576	79,116	-	383,692
	<u>2,091,035</u>	<u>444,326</u>	<u>5,000</u>	<u>2,540,361</u>
At 31 March 2008				
Depreciation				
At 1 April 2007	1,065,972	188,189	970	1,255,131
Charge for the year	167,421	51,826	1,007	220,254
	<u>1,233,393</u>	<u>240,015</u>	<u>1,977</u>	<u>1,475,385</u>
At 31 March 2008				
Net book value				
At 31 March 2008	857,642	204,311	3,023	1,064,976
	<u>857,642</u>	<u>204,311</u>	<u>3,023</u>	<u>1,064,976</u>
At 31 March 2007	720,487	177,021	4,030	901,538
	<u>720,487</u>	<u>177,021</u>	<u>4,030</u>	<u>901,538</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery
	£
Net book values	
At 31 March 2008	379,497
	<u>379,497</u>
At 31 March 2007	474,404
	<u>474,404</u>
Depreciation charge for the year	
At 31 March 2008	54,611
	<u>54,611</u>
At 31 March 2007	63,262
	<u>63,262</u>

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

7	Stocks and work in progress	2008 £	2007 £
	Raw materials and consumables	1,236,380	1,077,048
	Work in progress	46,305	80,738
		<u>1,282,685</u>	<u>1,157,786</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

8	Debtors	2008 £	2007 £
	Trade debtors	1,542,650	2,093,138
	Amounts owed by parent and fellow subsidiary undertakings	202,445	-
	Other debtors	358,722	335,997
	Prepayments and accrued income	111,360	109,011
		<u>2,215,177</u>	<u>2,538,146</u>

9	Creditors: amounts falling due within one year	2008 £	2007 £
	Bank loans and overdrafts	-	57,425
	Net obligations under finance leases	107,553	160,028
	Trade creditors	1,084,380	1,186,288
	Corporation tax	103,915	58,703
	Other taxes and social security costs	178,581	140,578
	Other creditors	390,769	628,948
	Accruals and deferred income	177,217	637,352
		<u>2,042,415</u>	<u>2,869,322</u>

Other creditors includes a balance of £382,344 (2007: £613,965) due to a debt factoring company. This creditor is secured upon the company's trade debtors.

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

10 Creditors: amounts falling due after more than one year	2008	2007
	£	£
Bank loans	-	29,443
Net obligations under finance leases	212,793	261,860
	<u>212,793</u>	<u>291,303</u>

Analysis of loans

Wholly repayable within five years	-	86,868
	<u>-</u>	<u>86,868</u>
Included in current liabilities	-	(57,425)
	<u>-</u>	<u>29,443</u>

A cross company guarantee of £10,000,000 is in place in favour of Yorkshire Bank.

Yorkshire Bank hold a fixed and floating charge over the assets of the company.

Net obligations under finance leases

Repayable within one year	107,553	160,028
Repayable between one and five years	212,792	261,860
	<u>320,345</u>	<u>421,888</u>
Included in liabilities falling due within one year	(107,553)	(160,028)
	<u>212,792</u>	<u>261,860</u>

AXIS ELECTRONICS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008**

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 April 2007	67,629
Profit and loss account	60,047
	<u>127,676</u>
Balance at 31 March 2008	<u>127,676</u>

The deferred tax liability is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	129,902	67,629
Other timing differences	(2,226)	-
	<u>127,676</u>	<u>67,629</u>

12 Pension and other post-retirement benefit commitments

Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	<u>194,443</u>	<u>186,332</u>

13 Share capital

	2008 £	2007 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

AXIS ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2007	1,551,895
Profit for the year	778,926
Balance at 31 March 2008	2,330,821

15 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	778,926	291,875
Opening shareholders' funds	1,561,895	1,270,020
Closing shareholders' funds	2,340,821	1,561,895

16 Financial commitments

At 31 March 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2009:

	Land and buildings 2008 £	2007 £	Other 2008 £	2007 £
Operating leases which expire:				
Within one year	-	-	2,774	2,318
Between two and five years	269,456	269,456	25,247	24,290
	269,456	269,456	28,021	26,608

AXIS ELECTRONICS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008**

17 Directors' emoluments	2008	2007
	£	£
Emoluments for qualifying services	208,016	553,971
Company pension contributions to money purchase schemes	180,322	169,546
	<u>388,338</u>	<u>723,517</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2007 - 2).

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

Emoluments for qualifying services	109,438	279,052
Company pension contributions to money purchase schemes	90,093	84,112
	<u>199,531</u>	<u>363,164</u>

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2008	2007
	Number	Number
Direct employees	67	51
Directors and administration	30	36
	<u>97</u>	<u>87</u>

Employment costs	2008	2007
	£	£
Wages and salaries	2,029,999	2,139,221
Social security costs	189,924	265,703
Other pension costs	194,443	186,332
	<u>2,414,366</u>	<u>2,591,256</u>