market driven, customer focused and innovative solutions; our foundations of growth

DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2008

MARKET DRIVEN

CUSTOMER FOCUSED

INNOVATIVE SOLUTIONS

Contents

built on existing strengths, our strategic values provide us with the foundations for continued growth

At Clyde Process Solutions our strategy comprises of three key values: Market Driven. Customer Focused. Innovative Solutions.

This strategy has formed the foundation of our growth during the period under review and we will continue to apply this approach to our key customer markets, globally, in the year ahead.

We believe that in order to maintain our position as a market leader in process industries we must continually analyse both our markets and the material handling needs of our customers. This information ensures that the innovative solutions we develop solve the key issues impacting on the productivity and performance of our customers' operational processes, delivering economic value and environmental benefits.

After completing the £43 million acquisition of MAC Equipment, Inc. in April 2007 the Group has a strong array of process solutions that cover pneumatic conveying and air filtration technologies.

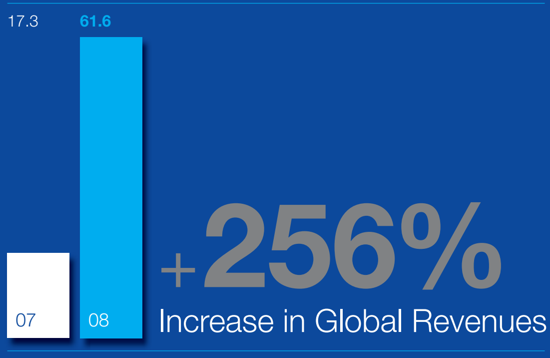
These process solutions are complemented by a global support services infrastructure that reacts rapidly to the operational requirements of our customers.

Our strategy, backed by a global workforce of over 500 people, has delivered a strong set of financial results for our shareholders. As you turn the pages of our Annual Report you will read about how our people, whose names can be read on the inside back cover of this report, are implementing our strategy and ensuring that Clyde Process Solutions remains at the forefront of quality, innovation and customer service.

Alex Stewart
CEO Clyde Process Solutions

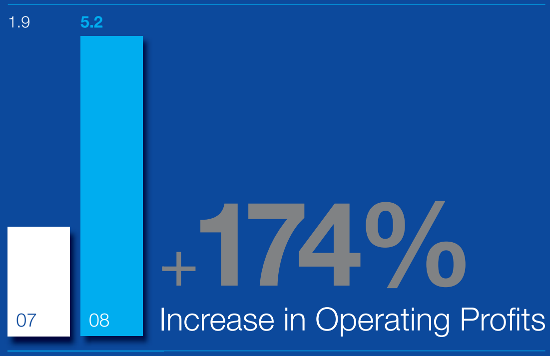
OUR PERFORMANCE
AT A GLANCE

REVENUE GROWTH FY07-08 (£M)

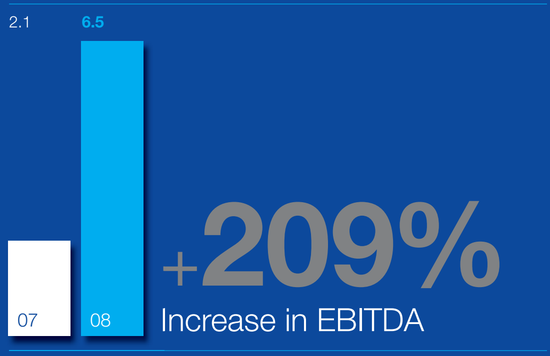


PROFIT BEFORE TAX GROWTH FY07-08 (£M)

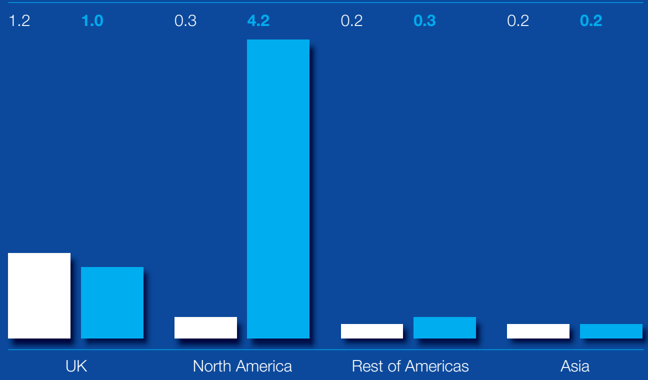
OPERATING PROFIT GROWTH FY07-08 (£M)



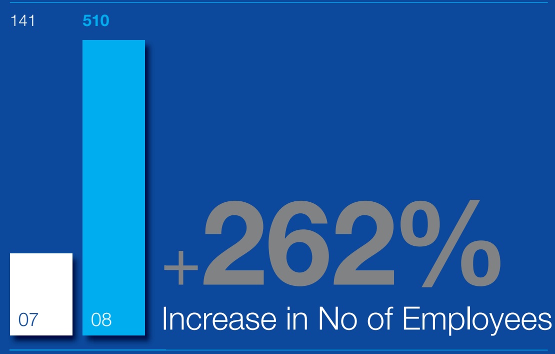
EBITDA GROWTH FY07-08 (£M)



GEOGRAPHICAL ANALYSIS OF OPERATING PROFIT GROWTH (EXCLUDING HEAD OFFICE COSTS) FY07-08 (£M)



GROUP EMPLOYEE GROWTH FY07-08



a transformational year of growth, integration and increased market share

We are pleased to present our financial results for the twelve month period ended 29 February 2008 in what has been a transformational phase in the development and growth of Clyde Process Solutions plc ("CPS" or the "Group").

The performance of the Group has been extremely encouraging throughout the year despite fluctuations in US dollar exchange rate. The full year results for the period ended 29 February 2008 represent twelve months trading for Clyde Materials Handling Ltd ("CMH") and ten and a half months for MAC Equipment Inc ("MAC).

In the last year, we have achieved strong global organic growth within key customer markets, such as food, petrochemicals, cement and steel, where we have deployed our range of materials handling and air filtration solutions to solve the operational and environmental issues of our customers' production processes. We are excited by the success and progress of our cement strategy, which has generated a significant value of orders to the Group during the period under review.

The Group is committed to setting the industry standards for innovative solutions, product quality and superior customer service and we believe our strategy and people will deliver on these aims, generating continued growth in sales and profits and generating returns to our shareholders.

During the period under review we are delighted that our acquisition of MAC for an enterprise value of £43 million was completed and are excited by the value MAC has generated for the Group. MAC joined the Group on the 17 April 2007 and has provided us with an array of complementary pneumatic conveying technologies, whilst adding a market leading portfolio of air filtration solutions and exposure to new customer markets for the Group, particularly in North America.

The acquisition of MAC has provided the Group with a range of synergies which we have started to deliver on. Our first successes have been in the North American market where we have integrated the existing CMH business with MAC, utilising MAC's internal and external sales resources, which span 25 agencies and over 200 people, and other extensive support and manufacturing capability.

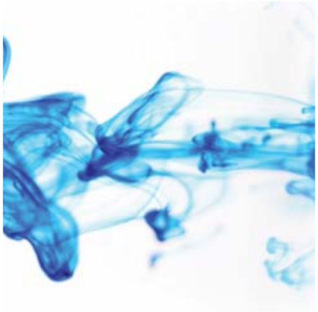
The Group has identified opportunities to market an extensive range of pneumatic conveying and air filtration solutions into key customer markets. We have also made significant progress as a Group in developing relationships with existing key customers around the globe, selling solutions to the cement market and promoting our technologies. Whilst this thread of our strategy is in its infancy, we believe these synergies will be rewarding and we are now exploring markets and territories to take MAC's technologies globally.

Strategy

We believe that in order to maintain our position as a global process solutions provider we must continue to be market and customer focused. We must also have the ability to listen and provide solutions that meet the needs of our customers, deliver solutions, services and support rapidly; and have the ability to develop and nurture relationships.

The three elements of our strategy, which are 'market driven', 'customer focused', 'innovative solutions' have enabled us to achieve these objectives. Our process solutions are in demand due to their energy efficiency saving and emission reducing capabilities. You can learn more about how we are implementing the elements of our strategy on pages 9, 12 and 21 of this annual report.

By targeting and engaging closely with our key customer markets we have been able to develop solutions that not only meet the evolving needs of our customers, but have also added outstanding economic and environmental benefits to their operations. Consequently, this approach has enabled us to effectively communicate the value our solutions can generate for our customers, which has resulted in securing healthy levels of contribution.



Operational Review

The financial performance of each of our global subsidiaries has been positive, particularly in North America, where the performance of MAC has made a significant contribution.

UK

Our UK operations generated a 20% increase in revenue to £15.7m (2007 - £13.1m). This growth in revenue has stemmed from significant orders secured in the cement and steel sectors. Our cement strategy has been very encouraging, with orders placed by two of the world's leading producers across a number of their production facilities in Europe. Over the past two years, we have marketed our innovative solutions to the cement market, which has generated over £6m of orders in that time.

Operating profits fell to £1.0m (after adding back the costs of CPS head office expenses of £0.5m) from £1.2m over the year. Additional costs were incurred with investment in people across sales, projects and engineering disciplines.

North America

A major factor in the growth of this particular region has been the incorporation of MAC in to the Group. However, the results in North America for the period under review account for only ten and a half months of MAC's performance.

In 2008, our North American operations contributed 69% of Group revenues, rising significantly by a factor of 18 to £43.2m (2007 - £2.3m). Consequently, operating profits have risen to £4.2m from £0.3m over the past twelve months.

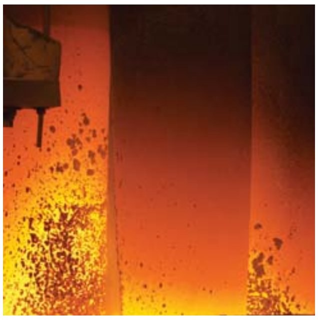
MAC benefits from a diverse customer base with revenues derived from over 13,000 contracts. Many of these contracts have been secured in the food and petrochemical markets, where there is a continual demand for energy efficient material handling and air filtration solutions.

Rest of Americas

This region is serviced through our Brazilian subsidiary, which has experienced strong growth during the period under review. In 2008, revenues grew by 64% to £1.8m (2007 - £1.1m). Operating profits rose to £0.3m, which equated to a 25% rise from 2007. Our Brazilian team have grown rapidly during the period under review and are currently seeking new premises to support their expanding operations.

A significant proportion of our revenues in this region are generated from the steel industry, where we continue to expand our customer base in the mini blast furnace market. In this industry we utilise our conveying and injection technologies to transport charcoal produced from replenished forests, which is the fuel used in these furnaces. In addition, we have provided materials handling systems to steel producers in both Argentina and Colombia during the past twelve months.

We have also secured our first order outside the steel industry in Brazil by supplying a conveying system for a market leading nickel producer, which represents a significant step in the market driven strategy of our business in the Rest of Americas.



Left to Right:

CPS operates in high demand, high growth markets such as food, chemical, cement and steel.

Asia

Our Asian subsidiary, which is serviced by our Chinese operation in Beijing, saw revenues increase significantly to £2.2m in 2008 from £1.6m, a 38% increase from the previous year. Operating profits remained at £0.2m for the year. Our Chinese team have invested in personnel across every function of their business and have recently moved into larger premises to support their growth. We are confident that China will be an increasing source of growth for the Group.

Revenue growth for our Chinese business has been generated from the steel and copper markets, where we have supplied our conveying and injection solutions to transport coal, lime and metal concentrates. We have also seen an increase in the number of valve and spares orders placed, which have been booked at healthy levels of contribution.

Financial Performance

The Group's financial performance has improved in the last twelve months and we continue to be excited by the wealth of opportunities that exist for our process solutions across our key customer markets. The financial results represent twelve months trading for CMH and ten and a half months for MAC.

In 2008, total Group revenue grew by £44.3m to £61.6m, an increase of 256% on last year (2007 - £17.3m). Operating profit grew by 174% to £5.2m (2007 - £1.9m), with profits attributable to equity shareholders for the year also rising by 100% to £3.0m (2007 - £1.5m). In addition, Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA, note 40) for the year have risen by 209% to £6.5m (2007 - £2.1m).

The fully diluted earnings per share (EPS) reduced to 8.03p from the previous year comparative of 9.74p. However, this comparison does not give a true reflection of the movement between the two years. The adjusted EPS as explained in note 13 to the accounts is included to provide a clearer comparison of the true movement in earnings per share between the two years and shows EPS increasing to 9.08p from 8.41p. This comparison of adjusted earnings per share reflects the earnings enhancing nature of the MAC acquisition.

MAC performed, in dollar terms, in line with our expectations. However, the impact of the weak dollar had an adverse affect on the sterling result of the Group amounting to £0.2m reduction at operating profit level. In addition as part of the funding requirements for the acquisition of MAC we put in place inter company loans – these loans were required to be in US dollars and were provided by CPS. Due to the movements in exchange rates this has resulted in a £0.2m charge to the income statement.

As explained in the circular to shareholders dated 27 June 2006 the earn out shares payable under CMH's acquisition agreement in July 2006 are to be issued dependent on the cumulative level of EBITDA of CMH for the 24 months ending 29 February 2008. The acquisition agreement stated that for every £1 that CMH's cumulative EBITDA for the 24 months ending 29 February 2008 exceeded £1m, 2.67 earn out shares would be issued, subject to a maximum of £9.5m of earn out shares.

CPS provides an array of air filtration solutions that can be deployed across a range of process industries to minimise emissions, whilst reducing energy consumption and costs.

CMH EBITDA for the 12 months ended 29 February 2008 was £1.810m. Cumulative EBITDA for CMH for the 24 months ended 29 February 2008 is £4.072m. Based on the acquisition agreement, it is anticipated that a total of 8.202m earn out shares will be issued for nil further consideration.

Dividend

The Board recognises the importance of dividend income to shareholders and are therefore delighted to announce that CPS will propose a maiden dividend payment of 1.05 pence per share at the annual general meeting on 24 July 2008.

We will continue to adopt a progressive dividend policy, subject to the availability of distributable reserves, and the retention of funds required to finance future growth. We anticipate paying an interim and final dividend for each financial year.

Effect of Fair Value Adjustments

For the period under review, we have, in accordance with International Financial Reporting Standards (IFRSs), made fair value adjustments to the net assets acquired with MAC. As a consequence of the amortisation and write-off of these adjustments, there has been a direct cost impact to the Group's income statement amounting to £635k of which £555k is a one-off non-recurring charge, as detailed both in note 6 and below.

Board of Directors

We would like to thank all members of the Board for their continued support and commitment during this financial year.

During the period under review we recruited two Non-Executive Directors to the Board in Geir Gunnlaugsson and Ian Lee. Geir has significant experience in process industries and currently chairs our Remuneration Committee. Ian has significant experience in audit and corporate governance and chairs both our Audit and AIM Committees. These appointments were made following the resignations of both Bill Thomson and Graham Lees and we would like to thank them both for their contributions to the Group as non-executive directors. Gary Cavey, previously President and CEO of MAC, who joined the Board as an Executive Director following the acquisition in April 2007, has resigned from the Board of the Company on 3 June 2008. The Board would like to thank Gary for his contribution during his time with the Group. Jay Brown, previously MAC's Chief Financial Officer, has become CEO at MAC and will focus on global integration and delivering on the significant synergies across the Group.

Outlook

The opportunity for us to develop our market share, customer base, technology portfolio and global footprint have been strengthened significantly during the period under review by the incorporation of MAC into the Group.

EFFECT OF FAIR VALUE ADJUSTMENTS	Year to 29 February 2008 Consolidated Income Statement £'000	Non recurring Items £'000	Recurring Items £'000	Year to 29 February 2008 Adjusted £'000	Year to 28 February 2007 £'000
Gross Profit	15,518	555	-	16,073	5,777
Operating Profit	5,214	555	80	5,849	1,899
Profit before tax	3,428	555	80	4,063	1,830



We have identified a number of territories and key customer markets that we will be targeting as a Group, and are confident that our integrated strategy will continue to yield solid returns for our shareholders. We also believe our integrated approach will bolster the operational and financial performance of our global subsidiaries.

Our key customer markets continue to present us with significant prospects as they seek to reduce energy consumption, non-renewable raw material utilisation and emission levels created from their production processes. Our customers, who operate in financially secure markets, continue to prioritise capital investments in reducing energy consumption and emission levels.

At MAC, for example, we have created a low headroom, low maintenance air filtration system that is easily accessible, requires no tooling to replace cartridges within the system and consumes low volumes of energy compared to competitors air filtration solutions. This new air filtration system was developed in conjunction with a customer in the food industry to combat the issue of accessibility, increasing energy consumption, high maintenance costs and high emission levels. We have now sold a large number of these systems across a range of key customer markets. This is just one of a number of patentable applications in development across the Group.

The Clyde-WorleyParsons joint venture is progressing steadily towards its first implementation and has recently signed an Intellectual Property (IP) agreement with one of its primary targets. This IP agreement is a major step forward in attracting a leading non-ferrous metals producer to have the Clyde-WorleyParsons pneumatic injection solution installed on a flash furnace.

Organic growth will be the major focus of the Group's development in the next year as we continue to recognise the synergies presented by the acquisition of MAC.

In spite of the challenges faced with the impact of the non cash fair value adjustments and the weak dollar, together amounting to £1.0m, we are pleased with the financial performance of the Group. We remain extremely positive about our prospects for the future and believe that our strategy, backed by a leading-edge technology portfolio, expanding global footprint, process experts and strong management will capitalise on the growing demand for our process solutions.

We are determined to build on another period of profitable growth and we thank all of our shareholders for their continued support.

Jim McColl OBE
Executive Chairman

Alex Stewart
Chief Executive

5 June 2008

MARKET DRIVEN
CUSTOMER FOCUSED
INNOVATIVE SOLUTIONS

our combined knowledge and expertise generates value for cement producers in North America

Cement is one of the most coveted commodities on the planet. It is used extensively in the development of the world's global infrastructure. Cement production in 2007 pushed through the 2.5 billion tonne barrier, with North America accounting for 4% of global production from approximately 160 plants.

Industry analysts have forecast that global production will reach 5 billion tonnes by 2050. As a result, the market is investing significantly in expanding existing operations, as well as building new production facilities to cope with the increasing demand for cement.

Consequently, the growing demand for cement is placing escalating pressure on the environment, with emission and pollutant levels at significant highs. Therefore, the industry is seeking to reduce the amount of energy required to produce a tonne of cement, as well as identifying alternative, renewable materials that can be used within the production process.

Cement operators are striving to identify technologies and solutions than can help police and control emissions, reduce maintenance and ownership costs and reduce wear on systems and their respective components.

During the period under review, Clyde Process Solutions combined the pneumatic conveying and air filtration expertise of its subsidiary companies, Clyde Materials Handling and MAC Equipment, to target the North American cement market in an effort to address and solve some of the critical issues impacting on this industry.

Our marketing campaign was deployed through MAC's extensive representative network which yielded tens of appointments with some of North America's leading cement producers. This marketing campaign has contributed to several significant orders for the Group, which will be recognised in the next financial year.

The combination of the Group's technologies and expertise in this market has created a powerful provider of process solutions and we are focused on marketing and communicating these strengths to the entire North American cement market in 2008 and are confident in the returns we will generate.

Agile, energy efficient, low maintenance solutions for the cement industry

Fred Beckers and Doug Kunik discuss the issues impacting on this market and how Clyde Process Solutions can make a difference.

OPERATING AND FINANCIAL REVIEW

Business Review

Clyde Process Solutions plc ("CPS") has established itself as one of the leaders within the materials handling and air filtration industries. The Group has over 30 years of extensive process knowledge and expertise, derived from an experienced senior management team strongly supported by a worldwide workforce of 510 employees at the balance sheet date. Using this experience and support the Group has managed to grow organically and by acquisition.

Market Position

The Group has continued to strengthen its position across the global markets in which it operates, which has been significantly enhanced through the acquisition of MAC Equipment Inc ("MAC"). The previously developed market-driven strategies, which focused process knowledge, expertise and technology in a number of key industries, has continued to help with the growth of the business.

Acquisition

On 17 April 2007, CPS completed the acquisition of the entire share capital of MAC Equipment Holdings Ltd ("MAC Holdings", formerly Pony Bidco Ltd), the holding company of MAC. MAC, a leading provider of Pneumatic Conveying and Air Filtration systems in the USA, was acquired by MAC Holdings on 12 February 2007 for a value of $76.5m. MAC Holdings was a company set up to complete the initial transaction and used an interim debt bridging facility in order to complete in the timescale required by the competitive bid process imposed by the financial seller of MAC. MAC Holdings became a 100% subsidiary of CPS from 17 April 2007 and was acquired for £99 and the interim debt facility repaid.

The cash consideration was financed through a mixture of long-term debt and funds raised via a share placing on the AIM market. The share placing raised £23m, pre transaction costs, by means of issuing 21,904,762 New Ordinary Shares at a price of 105 pence per share. This share issue reflected a one for fifty share consolidation that was approved at the EGM of the Company held on 16 April 2007.

Global Developments

Brazil

Our South American division continued to increase its market share with revenue at £1.771m and operating profits of £0.289m. The dedicated team of staff operating in our Sao Paulo office continue to follow the market based strategies and expand their market beyond Brazil to additional South American countries.

China

The Asian division continues to show the growth potential that we had seen is available as well as developing into a significant part of the Group global supply chain. Revenue for the year was £2.238m and benefited strongly from significant after sales business. Operating profits were £0.171m. The skilled personnel base continued to be developed to ensure that capacity was in place to handle the growth in a controlled way. The customer base continues to be developed across more market areas.

USA

Although Clyde Materials Handling Inc revenues were £2.231m, the overall revenue from the North American market was £43.227m due to the contribution from MAC, the new acquisition during the year. Consequently, the North American market is the largest revenue generating region of the Group, and is attributable for 69% of total revenue. It should be remembered that the results for MAC are only consolidated for ten and a half months since acquisition on 17 April 2007.

People

The Group continues to value its staff as one of the key intangible assets of the company, with a total headcount in excess of 500 across the world, operating from 10 locations. The Group aims to attract and retain key individuals within its industries with continued focus on Human Resource issues:

> Development

The Clyde Academy has developed over the period and was launched to employees in March 2007. The full offering through the Academy is now identified and many training courses have already been carried through. The planned pneumatic conveying certificate of competence is close to completion.

Left to Right:

Global teams in Beijing, China;
Sao Paulo, Brazil; Doncaster, UK
and Kansas City, USA.

> Engaging Employees

Performance reviews continue to assist with the identification of training requirements, ensuring that employee needs can be addressed. The Group continues to believe that communication is a strong driver in achieving financial success and regular staff presentations are carried out and strong feedback is encouraged.

> Rewarding Achievement

Performance related incentive schemes are operational across the Group, based on the overall concept of Added Value.

> Health and Safety

The Group has a worldwide commitment to Health and Safety for all employees and associated personnel.

> Equal Opportunity and Diversity

The Group is committed to providing equal opportunities to all employees without discrimination.

Corporate Social Responsibility

Clyde Process Solutions plc is dedicated to maintaining a high level of social responsibility. Aspects of the environment are considered in detail during Board meetings and attempts made to ensure the Group undertakes a 'green' policy wherever practically possible. This includes reviewing in detail the energy consumption of our solutions offered to customers.

International Financial Reporting Standards

These results have been prepared under International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and IFRIC interpretations endorsed by the European Union (EU).

Financial Highlights

Total revenue is up £44.3m to £61.6m, an increase of 256% on previous year. The major increase is due to the acquisition of MAC but all Group subsidiaries have shown growth from a strengthening customer base and developing process technologies.

Operating profit of £5.2m is £3.3m ahead of previous year, once again primarily due to the MAC acquisition. The ongoing market strategies have continued to offer improved contribution opportunities and the expected economies of scale continue to come through.

Profit attributable to equity shareholders has doubled over the previous year at £3.0m and shows the real benefit from the MAC acquisition as this number is stated after the debt financing costs.

Other income has increased to £181,000 in 2008 (2007: £139,000) with continuing receipts of royalties from existing intellectual rights.

Net finance costs have increased significantly over the previous year to £1.8m. The majority of this increase relates to the interest charges and fees associated with the bank facilities arranged to accommodate the acquisition of MAC and to provide working capital facilities to help the growth of the Group.

The Group taxation charge is slightly higher than the previous year at £377,000 (2007: £327,000). This is due to an increased current tax charge resulting from the improvement in pre-tax profits, largely offset by the recognition of previously unrecognised deferred tax assets. These deferred tax assets have been recognised as a result of increased management confidence in the future results from Clyde Materials Handling Limited. It is anticipated that brought forward tax losses will be utilised within a reasonable period of time. In light of this, the decision has been taken to recognise the deferred tax asset. Full details of the taxation for the period are shown in notes 10 and 27 to these financial statements.

Earnings per Share (EPS) were 10.31p for 2008 as compared to 15.78p shown for 2007. However, the adjusted earnings per share calculations shown in note 13 show EPS of 9.08p for 2008 as compared to 8.41p for 2007. This comparison better reflects the earnings enhancing nature of the MAC acquisition.

MARKET DRIVEN
CUSTOMER FOCUSED
INNOVATIVE SOLUTIONS

we improve the process productivity of our customers by solving their material handling issues

The technologies we develop, the solutions we create and the services we deliver are all centred towards meeting the needs of our customers.

Our customers are typically leaders in their respective industries and they require our expertise to solve their material handling issues to ensure that their production processes operate reliably and efficiently.

Our customers operate in high growth markets, where there is increasing demand for the commodities they produce. As a result, their production processes need to perform optimally in order to guarantee that output and productivity are at sufficient levels to meet existing demand.

In addition, process industries are under increasing regulatory and environmental pressure to ensure that their production facilities are not emitting pollutants into the atmosphere, whilst consuming low volumes of energy.

Our process solutions ensure that the raw materials that our customers require to fuel their productivity are transported in an enclosed pipeline and delivered to source in a reliable, energy efficient, environmentally sound manner.

For example, our technologies have been employed by a copper smelter to transport copper concentrate in an accurate, reliable, stable and environmentally beneficial manner, helping to deliver a continual supply of copper into the process as well as enabling the smelter to reduce energy costs, greenhouse gas emissions and improve productivity.

Once we have delivered a solution to a customer we provide an aftersales service that captures any further assistance our customers require with their particular system. This may come in the form of system support, process input or spares.

We will continue to engage closely with our customers to ensure that the technologies we build, the solutions we create, and the services we deliver, add value.

Neil Gardiner, Customer Support Services Director, Clyde Materials Handling

"Our customers are at the heart of everything that we do, working together, helping one another to succeed."

DIRECTORS' REPORT

The Clyde Academy acts as the centre of continual personal development within CPS.

The directors present their report and the audited financial statements of the group for the year ended 29 February 2008.

Principal activities

Clyde Process Solutions plc ("CPS") owns, in its entirety, Clyde Materials Handling Ltd ("CMH"), which is engaged in the design, assembly, commissioning, maintenance and after-sales service of Pneumatic Conveying and Pneumatic Injection systems and MAC Equipment Inc ("MAC"), which is a leading provider of Pneumatic Conveying and Air Filtration systems. The principal subsidiary undertakings held by the Company are listed in note 39 of the Consolidated financial statements.

Business review

These financial statements cover the activities of CPS and subsidiaries for the financial year ended 29 February 2008.

On 17 April 2007, CPS completed the acquisition of the entire share capital of MAC Equipment Holdings Ltd ("MAC Holdings", formerly Pony Bidco Ltd), the holding company of MAC. MAC, a leading provider of Pneumatic Conveying and Air Filtration systems in the USA, was acquired by MAC Holdings on 12 February 2007 for a value of $76.5m. MAC Holdings was a company set up to complete the initial transaction and used an interim debt bridging facility in order to complete in the timescale required by the competitive bid process imposed by the financial seller of MAC. MAC Holdings became a 100% subsidiary of CPS from 17 April 2007 and was acquired for £99 and the interim debt facility repaid.

The cash consideration was financed through a mixture of long-term debt and funds raised via a share placing on the AIM market. The share placing raised £23m, pre transaction costs, by means of issuing 21,904,762 New Ordinary Shares at a price of 105 pence per share. This share issue reflected a one for fifty share consolidation that was approved at the EGM of the Company held on 16 April 2007.

MAC has brought new technology in pneumatic conveying and air filtration to the Group as well as experience and customers in additional market areas such as food and petrochemicals. It also strengthens our market approach, especially in North America. In the period since acquisition, which was completed on 17 April 2008, the business has performed in line with forecasts, when reviewed in its reporting currency. The directors are extremely pleased with the performance of this business and its potential for development in the future.

CMH, a subsidiary of CPS, has continued to increase its market share worldwide and is one of the leading pneumatic solution specialists. The Company has continued to focus on its core competencies including customer relations and effective problem solving. The Company believes its success revolves around retention of key staff and sees this as one of its competitive advantages. The markets the Company is focusing on include ferrous metals, non-ferrous metals, cement and minerals. In the current financial year the business has continued to develop exciting prospects for the future and plans for group enlargement. The directors are pleased with the development of this business and the prospects it has for the future.

The inclusion of MAC into the Group for this, and subsequent periods of review, has resulted in a significant proportion of our financial results being impacted by the US dollar. Due to the very weak performance of the dollar and movements in exchange rates between the dollar and sterling during the period under review, the Group's results have been affected. We have self-hedged a substantial amount of the Group result by arranging for funding to be provided in US dollars, and this hedge has worked successfully at the Profit before tax level. However at an operating profit level, the effect of the weak dollar has resulted in £226,000 being wiped from our anticipated results due to exchange movements in the year.

In addition as part of the funding requirements for the acquisition of MAC we put in place inter company loans – these loans were required to be in US dollars and were provided by CPS. Due to the movements in exchange rates this has resulted in a £206,000 charge to the income statement, within finance costs.

The operating profit for the year was £5.2m compared to the year ended 28 February 2007 of £1.9m. The directors consider the results for the year and the year-end financial position to be satisfactory. Earnings per share (EPS) reduced to 10.31p from the previous year comparative of 15.78p. However, the adjusted earnings per share calculations shown in note 13 show adjusted EPS of 9.08p for 2008 as compared to 8.41p for 2007. This comparison better reflects the earnings enhancing nature of the MAC acquisition.

The Clyde Academy

Future developments

The Group continues to grow strongly with a positive outlook going forward as outlined in the Chairman's and Chief Executive's Statement.

Principal risks and uncertainties

The management of business and execution of the Group's strategy is subject to a number of risks. The business risks affecting the Group are set out below. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate this. If more than one event occurs, it is possible that the overall effect of such events would compound the possible effects on the Group.

Global economies

Current uncertainty in global economics affects our customers in the same way as anyone else. However, we are not currently seeing any slow down in activities from our customer base.

Competition

The Group operates in a competitive market. The Group cannot predict the pricing or promotional activities of its competitors or their effect on its ability to market and sell its services. In order to ensure that its services remain competitive, the Group may be required to consider its pricing policy.

Key Individuals

The Group's future performance, and that of any activity in which it invests, depends heavily on its ability to retain the services of its directors and managers and to be able to retain and attract the services of suitable personnel and motivate them. Although such directors and managers have entered into service agreements, the loss of the services of any such directors or managers could have a material adverse affect on the business and prospects for the Group.

Financial Risk Management

The Group's financial risks are discussed in note 3 to the financial statements.

Research and Development

The Group has ongoing development and engineering programmes covering the introduction of new products and the improvement of existing products. Particular attention has been paid to developing new innovative solutions for our key markets. The directors regard investment in development as a prerequisite for success in the medium to long-term future.

Creditor payment policy

It is the Group's policy that payments to suppliers should be made in accordance with those terms and conditions agreed, according to the generally accepted trading practices within their businesses, between the Group and its suppliers, provided that all trading terms and conditions on invoices have been met. At 29 February 2008, the Group had an average of 55 days (2007: 68 days) of purchases outstanding in creditors.

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, regular newsletters and the Intranet.

The Group gives full and fair consideration to applications for employment from disabled persons. Group policy supports the further training, career development and promotion of any disabled persons employed within the Group, including those persons who may become disabled whilst employed within the Group.

With over 500 employees around the world we are developing a "can do" and "customer focused" culture throughout our organisation. We have a team of engineers who have proven themselves on many occasions as being able to react to customer problems with solutions that are not only creative but value adding.

During the period we have introduced the Clyde Academy in a drive towards ensuring that all our employees have the opportunity for the training necessary to carry out their responsibilities. A full programme has been identified and is currently being developed for delivery.

Further details related to our People Resource are shown in the Operating and Financial Review.

Geographical Revenue Split FY08 by Origin

Geographical Revenue Split FY07 by Origin

Physical Assets

CPS ensures that the required physical assets are maintained to be able to deliver its promises to customers and employees. State of the art laser cutting equipment and robotic welders are examples of the former, while new office facilities in UK and China ensure our employees operate from facilities that provide them with a pleasant and efficient working environment. We are actively looking for new facilities for our team in Brazil.

Financial Resources

Annual business planning ensures that facility requirements are identified for the foreseeable future and discussions entered into with our bankers to consider any required amendment to the facility available. The facility requirements are for bank guarantees as well as overdraft.

Liquidity

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

During the year the Group's capital structure was changed in order to facilitate the acquisition of MAC Equipment Inc. The acquisition was funded through a combination of equity and debt. The gearing ratio of the group at the balance sheet date was 32% which compares to a gearing ratio at 28 February 2007 of nil%.

The Group defines the gearing ratio as net debt divided by total capital. Net debt currently includes bank borrowings, finance lease obligations and cash balances as shown in the consolidated balance sheet. Total capital is calculated as equity, as shown in the consolidated balance sheet plus net debt.

Cash Flows

Cash flows generated in 2008 showed cash inflow of £3.771m. Of this, £2.357m was from the cash balance acquired on the acquisition of MAC. Cash generated from operating activities was strong at £6.614m and there were significant cash movements due to financing activities related to the acquisition of MAC.

Insurance

The Group has in place a directors' and officers' liability insurance policy that provides appropriate cover in respect of legal action brought against its directors.

Going Concern

The directors confirm that the Group remains a going concern on the basis of its future cash flow forecasts and has sufficient working capital for present requirements.

Key Performance Indicators

	2008 £'000	2007 £'000
Order Intake	**65,308**	18,759
Order Book	**24,995**	6,748
Revenue	**61,597**	17,322
Revenue % Increase	**255.59%**	20.48%
Operating Profit	**5,214**	1,899
Operating Profit %	**8.46%**	10.96%
Profit before tax	**3,428**	1,830
Taxation	**(377)**	(327)
Fully diluted EPS	**8.03p**	9.74p
Cash Inflow	**3,771**	673
Net (debt)/cash	**(14,595)**	660
Net assets	**30,561**	5,193
Employees at balance sheet date	**510**	141

Results and dividends

The consolidated profit attributable to equity shareholders for the year of £3,027,000 (2007: £1,490,000) has been transferred to reserves. No dividend was paid during this financial year (2007: £Nil). A dividend in respect of the year ended 29 February 2008 of 1.05 pence per share, amounting to a total dividend of £337,835, is to be proposed at the annual general meeting on 24 July 2008.

Directors

The Directors during the period under review were:

Executive:

James Allan McColl (Chairman)
Alexander Stewart
John Hall
Gary Cavey - appointed 8 August 2007; resigned 3 June 2008

Non-Executive:

William Thomson - resigned 8 August 2007
James Graham Lees - resigned 8 August 2007
Geir Gunnlaugsson - appointed 8 August 2007
Ian Lee - appointed 8 August 2007

Directors and their interests

The directors of the Company at 29 February 2008 and their interests in the share capital of the Company were as follows:

	At 29 February 2008 Number of Ordinary £0.25 Shares	Allocation of Earn Out Shares (not issued at 29 February 2008)	At 28 February 2007 Number of Ordinary £0.25p Shares
James Allan McColl	3,355,500	3,015,793	2,200,475
Alexander Stewart	1,269,467	1,245,817	781,230
Ian Lee	10,000	-	-
John Hall	25,216	24,916	19,502

As at 29 February 2008 the Earn Out as detailed in the CMH acquisition agreement dated July 2006 has been determined and relevant shares will be issued as shown above.

Substantial shareholders

As at the 29 February 2008, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital pursuant to Part VI of the Companies Act 1985:

	Number of Ordinary £0.25p Shares	% of issued share capital
Atorka Holding B.V.	9,591,429	29.81
Invesco Limited	3,917,000	12.17
James Allan McColl	3,355,500	10.43
Standard Life Investments	1,934,000	6.01
Pershing Keen Nominees Ltd	1,782,791	5.54
BlackRock Inc	1,717,391	5.34
Alexander Stewart	1,269,467	3.95
Martin Currie Investment Management	1,097,500	3.41
Bank of New York Trust Company as Trustee of BlackRock Institutional Equity Funds - UK Smaller Companies	1,094,398	3.40

Donations

Charitable donations of £288 (2007: £Nil) were paid during the year, principally to local charities serving the communities in which the Company operates. There were no political donations in the year (2007: £Nil).

Indemnity of officers

Under the Company's Articles of Association and subject to the provisions of the Companies Acts, the Company may indemnify any Director or other officer against liability incurred by him in execution or discharge of his duties or exercise of his powers and including but not limited to any liability for the costs of legal proceedings where judgement is given in their favour.

In addition, the Company may purchase and maintain for any Director or other officer, insurance against any liability, and the Company does maintain appropriate insurance cover against legal action brought against its Directors and officers and the Directors and officers of its subsidiaries.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Group and the parent company 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 prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and 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 Group and parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and Group for that period.

In preparing those financial statements, the directors are required to:

> select suitable accounting policies and then apply them consistently;
> make judgements and estimates that are reasonable and prudent;
> state that the Group financial statements comply with IFRSs as adopted by the European Union, and with regard to the parent company financial statements that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
> prepare the Group and parent company financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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 that 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 Group web site, www.clydeprocesssolutions.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors and disclosure of information to auditors

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

> So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
> The 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 Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of (S234ZA) of the Companies Act 1985.

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Shauna Powell

Shauna Powell
Secretary
5 June 2008

DIRECTORS AND ADVISORS

1. Jim McColl OBE, Chairman

Jim was appointed Chairman of Clyde Process Solutions in July 2006. Jim has an outstanding track record of developing, acquiring and integrating businesses across process industries. He has overall responsibility for the strategic development of the Group.

Jim's achievements have been recognised across the industry and he has been presented with a series of awards, which include the Ernst & Young Master Entrepreneur of the Year 2001, an OBE in 2001, awarded as part of the Queen's Birthday Honours List, a Scottish international business achievement award presented by HRH Princess Royal in 2006 and was named Insider Elite Leader of the Year 2006.

Jim is a Director of Clyde Blowers Limited, executive Chairman of Clyde Pumps Holdings Limited and Clyde Bergemann Power Group Inc and a non-executive Director of InterBulk plc.

2. Alex Stewart, Chief Executive

Alex was appointed Chief Executive of Clyde Process Solutions in July 2006. He is responsible for developing the Group's global performance through its market-driven and customer-centric approach across its key markets. Alex holds a Bachelor of Accountancy degree from Glasgow University and is a qualified Chartered Accountant. He received the Scottish Finance Director of the Year award in 2003.

Alex is a Director of Clyde Blowers Limited.

3. John Hall, Executive Director

John joined the board of Clyde Process Solutions in July 2006. John spent 20 years working for Pegler-Hattersley in various financial positions before joining Clyde Materials Handling in 1986. He is a fellow member of the Chartered Institute of Management Accountants and is responsible for the Group's financial and administrative activities.

4. Ian Lee, Non-Executive Director* ***

Ian joined the board of Clyde Process Solutions in August 2007. Ian is a former senior partner of Ernst & Young in Glasgow, where he was primarily involved in leading and coordinating audits of various listed companies and international groups. He was a member of the Ernst & Young governing Council for six years, and was a member of the firm's audit committee. He was the Convener of the Institute of Chartered Accountants of Scotland Audit and Assurance Committee. Ian is responsible for chairing the Group's Audit and AIM committees.

5. Dr. Geir A Gunnlaugsson, Non-Executive Director**

Dr. Gunnlaugsson joined the board of Clyde Process Solutions in August 2007. Dr. Gunnlaugsson currently represents Atorka Group hf, an investment company listed on the Icelandic Stock Exchange (ICEX), on the boards of a number of companies, where his skills have been applied to numerous commercial projects. Dr. Gunnlaugsson has led the development and growth of several Icelandic companies. Dr. Gunnlaugsson is responsible for chairing the Group's Remuneration Committee.

6. Shauna Powell, Company Secretary

Shauna was appointed Company Secretary in November 2007. Shauna trained as a solicitor with Maclay Murray & Spens in Glasgow, specialising in corporate law, private equity and venture capital merger and acquisition activity. In August 2006, she joined Clyde Blowers, where she provides corporate legal expertise to its portfolio of companies. She holds an LLB from the University of Glasgow and is dual qualified in both Scotland and England and Wales.

* Chairman of the Audit Committee
** Chairman of the Remuneration Committee
*** Chairman of the AIM committee

Advisors

Nominated Adviser
Dowgate Capital Advisers Ltd
46 Worship Street
London EC2A 2EA

Broker
Arden Partners plc
Nicholas House
3 Laurence Pountney Hill
London EC4 0EU

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Bankers
The Bank of Scotland
110 Queen Street
Glasgow G1 3BY

Auditors
PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow G2 2LW

Legal Advisers
Maclay Murray & Spens LLP
151 St Vincent Street
Glasgow G2 5NJ

Financial and Corporate Communications
Abchurch Communications Ltd
100 Cannon Street
London EC4N 6EU

Registered Office
Carolina Court
Lakeside
Doncaster DN2 5RA
Registered No: 5341832

our innovation delivers clean energy technologies that benefits customers and the environment

We are resolutely focused on delivering the most energy efficient, environmental and economically beneficial solutions in the marketplace.

Our test facilities in the UK and US support us with this objective as the tests we carry out on materials we receive on a daily and weekly basis fuel our research and development efforts, where we develop innovative solutions that solve a range of problems for our customers.

As process industries continually seek solutions that help to increase productivity, reduce energy consumption or reduce utilisation of non-renewable fuels our research and development team have been supporting our customers across a wide range of industries.

We have an extensive materials database covering some 10,000 test reports where characteristics such as particle size, distribution, shape, bulk density, temperature, moisture content and air retentiveness have been carefully measured and the most economically efficient conveying or filtration method and solution is sourced.

The practical experience of testing is invaluable in determining the most effective methods of conveying and filtering new materials with details of every new test being added to the database.

Our material testing process also helps develop and refine process knowledge and know-how of specific materials and the way in which our process solutions can manage and handle these substances. Our test facilities can also be used to execute consultative, exploratory testing work or as the platform to carry out health checks on existing systems that may not be operating to their anticipated, expected or optimum capacities.

Backed by over 40 years of extensive domain knowledge and through the support of our test facilities, we are ideally positioned to continue to create innovative solutions for our global customer base.

Brian Snowdon, Engineering Director, Clyde Materials Handling

"We strive to create an environment that encourages innovative thinking and allows our people to solve problems through experimentation."

Left: Our test facility covers all substances and materials. Giving the client the comfort that their precious commodity can be transported safely and correctly.

CORPORATE GOVERNANCE REPORT

CPS offers a comprehensive range of pneumatic conveying solutions, capable of transporting a vast range of raw materials in an enclosed, energy efficient manner.

The Board of Directors ("the Board") acknowledge the importance of the Principles set out in The Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006. Although the Combined Code is not compulsory for AIM listed companies, the Board has applied the principles in this statement, together with the Remuneration Report set out on page 24 as far as practicable for a public Company of its size, as follows:

The Board of Directors

As at the date of this report the Board consists of three executive Directors and two non-executive Directors. The role of Chairman and Chief Executive Officer are distinct. The Chairman is responsible for the effectiveness of the Board and ensuring communication with shareholders and the Chief Executive Officer is accountable for the management of the Group. On 8 August Ian Lee and Geir Gunnlaugsson were appointed as non-executive Directors. On 8 August 2007 William Thomson and Graham Lees resigned as Directors.

The Board meets regularly and is responsible for strategy, performance, approval of major capital investments, treasury and financing matters 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. On appointment of a new Director the Chairman ensures a full, formal and tailored induction is provided. 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.

The Company Secretary maintains a register of attendance of Directors at Board Meetings and the record of attendance during the year ended 29 February 2008 is enclosed in figure 1.

In addition there were other meetings held to approve various documentation as was required during the year.

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 voluntarily submit to re-election at intervals of three years. Brief biographies of all Board members, giving details of their experience are included on page 19 allowing shareholders to take an informed decision on those standing for election or re-election.

Audit Committee

The Audit Committee during the period consisted of G Lees (Chairman of the Audit Committee, resigned 8 August 2007) I Lee (Chairman of the Audit Committee, appointed 8 August 2007) and G Gunnlaugsson (appointed 8 August 2007). When appropriate J McColl, A Stewart, J Hall and PricewaterhouseCoopers LLP (external auditors) are invited to meetings. The Board is satisfied that at least one member of the Audit Committee has recent and relevant financial experience. The Audit Committee meets at least three times a year and considers the appointment, reappointment and removal of the external auditors and approves their remuneration and terms of engagement, including developing and implementing a policy on the provision of non-audit services by the external audit firm. It also reviews and monitors the independence and objectivity of the external auditor. 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. The Audit Committee has assessed the need for an internal audit function and has concluded that the present size and complexity of the group does not merit such a function. Present Group financial personnel have visited the Brazilian subsidiary company and carried out internal audit type reviews and discussions with the local finance team. The success and value of this exercise has led to consideration of further similar visits to other subsidiary companies. The situation will continue to be monitored and further resource will be considered on a regular basis. The Audit Committee met three times during the year ended 29 February 2008. These meetings were attended by all members of the Audit Committee.

Figure 1: Board Meeting Attendance

J McColl	9
A Stewart	11
G Cavey (appointed 8 August 2007) (resigned 3 June 2008)	6
J Hall	11
I Lee (appointed 8 August 2007)	7
G Gunnlaugsson (appointed 8 August 2007)	7
W Thomson (resigned 8 August 2007)	4
G Lees (resigned 8 August 2007)	4
Total Number of Meetings	11

Remuneration Committee

The Remuneration Committee during the period consisted of W Thomson (Chairman of the Remuneration Committee, resigned 8 August 2007), G Gunnlaugsson (Chairman of the Remuneration Committee, appointed 8 August 2007) and I Lee (appointed 8 August 2007). The Committee's role is to consider and approve the remuneration and benefits of the Executive Directors. In the current financial year, the salaries of the directors were determined according to agreements made between the Company and Clyde Blowers Limited and benchmarking against market rates for such positions within the industry. Details of the highest paid director are noted on page 25 in the Remuneration Committee Report. In framing the Company's remuneration policy, the Remuneration Committee has given full consideration, as far as practically possible, to Section B of The Combined Code. The Report on Directors' Remuneration is set out on page 25. The Remuneration Committee met once during the year ended 29 February 2008. This meeting was attended by all members of the Remuneration Committee.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial control and for reviewing its effectiveness The Board places importance on maintaining a strong control environment. The system is designed to manage rather than to eliminate the risk of failure to achieve the Group's strategic objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The key risk management process and system of internal control procedures include the following:

> The Group's organisational structure has clear lines of responsibility.

> Comprehensive financial Policies and Procedures are being introduced across the Group.

> The Group 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 Board.

> The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks.

> The Executive Directors hold regular meetings with the executive management of the Group's subsidiary companies.

The Board have reviewed the effectiveness of the system of internal control as it operated during the year to 29 February 2008 and consider it appropriate.

Relations with Shareholders

Communications with shareholders are given high priority. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. Continuous updates are made on the Group's website for shareholders to review. The Chairman aims to ensure that the Directors, including non-executive 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 Quoted Companies Alliance. The specific provisions of The Combined Code not adopted are establishment of a nomination committee and the related provisions of the Combined Code pertaining to this plus A1.3, A6.1 and D1.1. It is the intention of the Group to consider further development of its procedures in these areas during the forthcoming financial year where it would be valuable to do so.

The Company takes all reasonable steps to ensure compliance by the Directors and employees with the provisions of the AIM Rules relating to dealing with securities of the Company and has adopted a share dealing code for this purpose. This code is signed up to by all new employees joining the Group.

Going concern

After consideration of the future and taking into account all information available, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

AIM RULE COMPLIANCE REPORT

MAC Equipment launched their new brand to the North American market during the PTXi Show in Chicago during May 2008.

Clyde Process Solutions plc is quoted on AIM and, as such under AIM Rule 31 the Company is required to:

> Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;

> Seek advice from its Nominated Advisor ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;

> Provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisors;

> Ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and

> Ensure that each Director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ascertain whether these obligations are being discharged the Board has established a committee of the Board (the "AIM Committee"), chaired by I Lee and supported by G Gunnlaugsson, independent non-executive directors of the Company. Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the period under review.

REMUNERATION COMMITTEE REPORT

Information not subject to audit

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. It is the policy of the Committee to provide financial incentives and to reward superior performance over the medium and long term by creating opportunities to enable senior executives to earn cash bonuses.

The Remuneration Committee consisted of W Thomson (Chairman of the Remuneration Committee, resigned 8 August 2007), G Gunnlaugsson (Chairman of the Remuneration Committee, appointed 8 August 2008) and I Lee (appointed 8 August 2007) during the period under review.

Service Agreements

J Hall has a service agreement, which requires no more than 6 months notice of termination. His remuneration package consists of basic salary and benefits in kind, plus performance-related bonus arrangements.

G Gunnlaugsson and I Lee have letters of appointment which include details of fees. The terms of the appointment are reviewed annually.

Details of agreements for the other Directors are given in note (2) below.

Information subject to audit

Directors Emoluments

Directors remuneration for the year to 29 February 2008 (or from date of appointment) is as follows:

			Salary/Fees	Benefits (1)	Bonus	Pension	2008 Total	2007 Total
Executives								
J McColl		(2)	36,837	-	-	-	36,837	35,224
A Stewart		(2)	295,147	-	-	-	295,147	189,542
G Cavey	Appointed 8/8/2007 Resigned 3/6/2008		101,046	2,824	69,530	772	174,172	-
J Hall			75,570	7,345	13,476	13,502	109,893	102,154
Non-Executives								
I Lee	Appointed 8/8/2007		14,584	-	-	-	14,584	-
G Gunnlaugsson	Appointed 8/8/2007		14,584	-	-	-	14,584	-
W Thomson	Resigned 8/8/2007	(2)	12,783	-	-	-	12,783	30,408
G Lees	Resigned 8/8/2007		-	-	-	-	-	6,669
Total			**550,550**	**10,169**	**83,006**	**14,274**	**658,000**	**363,997**

(1) Remuneration packages for the above executive directors includes non cash benefits comprising the provision of a company car and/or private health care

(2) The services of J McColl, A Stewart and W Thomson are provided via a service agreement with Clyde Blowers Limited (see note 35 to the financial statements). The total fee during the year to 29th February 2008 was £646,600. From this total fee £36,837, £295,147 and £12,783 are allocated to the directors' fees for J McColl, A Stewart and W Thomson respectively.

The total remuneration and benefits of the highest paid director, Mr A Stewart, was £295,147 (28 February 2007: £189,542). In relation to the defined benefit scheme, for the highest paid director, the accrued pension at the period end was £36,000 (28 February 2007: £33,000). There is no lump sum which would be payable (28 February 2007: £Nil).

Performance related bonuses are calculated on fixed formulae which are determined in advance each year by the Remuneration Committee. The formulae measures the Group's performance against specific targets, principally relating to global performance of the Group.

Directors' Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 17.

On behalf of the Remuneration Committee

Geir Gunnlaugsson
Non-Executive Director
5 June 2008

FINANCIAL STATEMENTS

Contents

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CLYDE PROCESS SOLUTIONS PLC

We have audited the group financial statements of Clyde Process Solutions plc for the year ended 29 February 2008 which comprise the group income statement, the group balance sheet, the group cash flow statement, the group statement of recognised income and expense and the related notes. These group 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 having been audited.

We have reported separately on the parent company financial statements of Clyde Process Solutions plc for the year ended 29 February 2008.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. 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 Operating and Financial Review that is cross referred 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 director's 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 and Chief Executive's Statement and the Operating and Financial Review. 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.

We also, at the request of the directors (because the company applies the Listing Rules of the Financial Services Authority as if it were a listed company), review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

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 judgments 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.

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 the Group's affairs as at 29 February 2008 and of its profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Group financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow

5 June 2008

Notes:

(a) The maintenance and integrity of the Clyde Process Solutions plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Revenue	5	**61,597**	17,322
Cost of sales		**(46,079)**	(11,545)
Gross profit		**15,518**	5,777
Distribution costs		**(5,169)**	(1,979)
Administrative costs		**(5,316)**	(2,038)
Other income	7	**181**	139
Operating profit	8	**5,214**	1,899
Finance income		**113**	48
Finance expense		**(1,894)**	(113)
Net finance costs	9	**(1,781)**	(65)
Share of loss of joint venture	29	**(5)**	(4)
Profit before taxation		**3,428**	1,830
Current taxation	10	**(862)**	(292)
Deferred tax charge	10	**(350)**	(35)
Recognition of previously unrecognised deferred tax assets	10	**835**	-
Taxation		**(377)**	(327)
Profit for the period		**3,051**	1,503
Profit attributable to minority interest		**24**	13
Profit attributable to equity shareholders	33	**3,027**	1,490
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic earnings per share	13	**10.31p**	15.78p
Diluted earnings per share	13	**8.03p**	9.74p

All activities relate to continuing operations.
Details of the proposed dividend are given in note 14 to these financial statements.
The accompanying notes are an integral part of the consolidated financial statements.

Fair Value Adjustments

The results for the period are stated after charging £635,000 for the amortisation and write-offs of fair value adjustments as detailed in note 6.

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	**Year ended 29 February 2008 £'000**	Year ended 28 February 2007 £'000
Net exchange differences on retranslation of foreign operations	33	**11**	(96)
Actuarial gain recognised on retirement benefit obligations	28	**1,201**	282
Losses on interest rate hedging taken to equity	25	**(746)**	-
Deferred tax asset recognised on cash flow hedging liability	27	**282**	-
Deferred tax asset recognised on retirement benefit obligations	27	**807**	-
Net gains recognised directly in equity		**1,555**	186
Profit for the period		**3,051**	1,503
Total recognised income for the period		**4,606**	1,689
Attributable to:			
Minority interest		**24**	13
Equity shareholders of the parent		**4,582**	1,676

CONSOLIDATED BALANCE SHEET
AT 29 FEBRUARY 2008

	Note	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
ASSETS			
Non-current assets			
Intangible assets	16 & 17	**46,100**	6,302
Property, plant and equipment	18	**7,850**	1,538
Deferred income tax assets	27	**2,320**	16
		56,270	7,856
Current assets			
Inventories	19	**3,819**	1,009
Trade and other receivables	20	**15,980**	6,496
Current tax receivable		**8**	-
Derivative financial instruments	25	**3**	4
Cash and cash equivalents	21	**4,587**	862
		24,397	8,371
LIABILITIES			
Current liabilities			
Bank overdraft, bank borrowings & finance leases	23	**(992)**	(140)
Trade and other payables	22	**(19,774)**	(6,595)
Current income tax liabilities		**(216)**	(90)
Provisions for liabilities and charges	30	**(610)**	(140)
Derivative financial instruments	25	**(345)**	-
		(21,937)	(6,965)
Net current assets		**2,460**	1,406
Non-current liabilities			
Deferred income tax liabilities	27	**(7,233)**	(51)
Bank overdraft, bank borrowings & finance leases	23	**(18,190)**	(62)
Investment in joint venture	29	**(14)**	(9)
Retirement benefit obligations	28	**(2,207)**	(3,947)
Derivative financial instruments	25	**(441)**	-
Other non-current liabilities	26	**(84)**	-
		(28,169)	(4,069)
Net Assets		**30,561**	5,193
SHAREHOLDERS EQUITY			
Ordinary shares	32	**8,044**	2,568
Share premium	33	**18,377**	2,898
Earn-out shares	33	**8,202**	9,500
Other reserves	34	**(9,865)**	(10,556)
Retained earnings	33	**5,782**	747
Total equity attributable to shareholders		**30,540**	5,157
Minority interests		**21**	36
Total equity		**30,561**	5,193

The accompanying notes are an integral part of this balance sheet. The financial statements on pages 28 to 64 were approved by the board of directors on 4 June 2008 and were signed on its behalf by:

Alexander Stewart

Alexander Stewart,
Director

5 June 2008

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2008

	Note	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Cash flows from operating activities			
Cash generated from operations	15	**6,907**	1,647
Tax paid		**(293)**	(367)
Net cash flow from operating activities		**6,614**	1,280
Cash flows from investing activities			
Interest received		**113**	48
Cash element of acquisition of Clyde Materials Handling Ltd		**-**	(580)
Cash acquired on purchase of subsidiary		**2,357**	5
Proceeds from sale of property, plant and equipment		**18**	29
Purchases of intangible fixed assets		**(53)**	(8)
Purchases of property, plant and equipment		**(740)**	(663)
Net cash flow from investing activities		**1,695**	(1,169)
Cash flows from financing activities			
Interest paid		**(1,766)**	(75)
Proceeds from issue of ordinary share capital (net of issue costs)		**20,995**	639
Repayment of borrowings		**(43,710)**	-
Proceeds from borrowings		**19,980**	-
Repayment of capital element of finance leases		**(37)**	(2)
Net cash flow from financing activities		**(4,538)**	562
Increase in cash and cash equivalents		**3,771**	673
Effect of exchange rates on cash and cash equivalents		**85**	41
Cash and cash equivalents at the beginning of the period		**731**	17
Cash and cash equivalents at the end of the period	21	**4,587**	731

The accompanying notes are an integral part of this cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2008

1. General information

Clyde Process Solutions plc (the Company) is a public limited company incorporated in England. The Company has a primary listing on the AIM stock exchange. The address of its registered office and principal place of business is disclosed on page 19 of the financial statements. The principal activities of the Company and its subsidiaries (the Group) are described in the directors' report.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 of the financial statements.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest £'000 except where otherwise indicated.

New standards, amendments and interpretations effective in the year

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments that replace the disclosure requirements of IAS 32. This standard does not have any impact on the Group classification and valuation of financial instruments.

IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This interpretation does not have any impact on the Group financial statements.

IFRIC 9, 'Re-assessment of embedded derivatives', clarifies certain aspects of the treatment of embedded derivatives under IAS 39, 'Financial Instruments: Recognition and Measurement'. This interpretation does not have any impact on the Group financial statements.

IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the Group financial statements.

IFRIC 11, 'IFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving Group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have any impact on the Group financial statements.

New standards, amendments and interpretations not yet effective

IFRS 2, 'Share-based payments' (effective 1 January 2009*), amendment relating to vesting conditions and cancellations.

IFRS 3, 'Business combinations', comprehensive revision on applying the acquisition method and the consequential amendments to IAS 27, 'Consolidated and separate financial statements' (both effective 1 July 2009*). The revision and amendment of the standards will affect the accounting treatment of any future business acquisitions.

IFRS 8, 'Operating segments' (effective 1 January 2009*), replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The impact on the Group financial statements is still to be assessed in detail by management as reportable operating segments will be subject to change based on amendments to internal reporting.

IAS 1, 'Presentation of financial statements ' (effective 1 January 2009*). A comprehensive revision of the standard that will affect the way financial statements are presented.

IAS 23, 'Borrowing costs' (effective 1 January 2009*), is amended to remove the option to immediately expense borrowing costs that are directly attributable to a qualifying asset.

IFRIC 12, 'Service concession arrangements' (effective 1 January 2008*), applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.

IFRIC 13, 'Customer loyalty programmes' (effective 1 July 2008*) clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective 1 January 2008*), provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

The directors anticipate that the future adoption of these standards, amendments and interpretations (where relevant to the Group) will have no material financial impact on the financial statements of the Group other than as stated above. None of the above standards, amendments and interpretations have been adopted early.

* Effective for accounting periods starting on or after this date.

Basis of consolidation

The Group financial statements consolidate the financial statements of Clyde Process Solutions plc and the entities it controls (its subsidiaries) drawn up for the year ending 29 February 2008.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of an entity, so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions including unrealised profits arising from them are eliminated.

Business Combinations

Under the requirements of IFRS 3, all business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria of IFRS 3 are measured initially at their fair values as at the date of acquisition, except for non-current assets classified as held for sale, which are measured at fair value less costs to sell. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. An intangible asset, such as customer relationships, brands, patents and royalties, is recognised if it meets the definition of an intangible asset in IAS 38 'Intangible asset', and its fair value can be measured reliably.

Only identifiable liabilities that satisfy the criteria for recognition as a liability of the acquiree are recognised in a business combination. Consequently, restructuring liabilities are not recognised as a liability of the acquiree unless the acquiree has an obligation as at the date of the acquisition to carry out the restructuring.

The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, equity instruments issued by the acquirer and any costs directly attributable to the business combination.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquiree, the difference is recognised in the income statement.

Adjustments to the values of assets and liabilities initially determined provisionally (pending the results of independent valuations or further analysis) are recognised as a retrospective adjustment to goodwill if they are made within twelve months of the acquisition date. Once this twelve-month period has elapsed, the effects of any adjustments are recognised directly in the income statement, unless they qualify as an error correction.

Joint venture

Joint ventures are those enterprises over whose activities the Group has joint control, established by contractual agreement. The Group's interest in the results and assets and liabilities of its joint ventures are accounted for using the equity method.

The investment in joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets less any impairment in value. The income statement reflects the share of results after tax of those joint venture operations. Distributions received from a joint venture reduce the carrying amount of the investment. Where there has been a change recognised directly into equity within the joint venture, the Group recognises its share of any changes and discloses this when applicable in the statement of recognised income and expenses.

2. Summary of significant accounting policies (continued)

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except when hedge accounting is applied and for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are taken directly to a separate component of equity, the cumulative translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services from within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Geographical segments: the group operates within a number of distinct economic environments that are subject to different risks and returns. The segmentation by geographic region is based on the location of operating facilities and other assets. According to the relative risk and income structure, the group is divided into the regions UK, North America, Rest of Americas and Asia. A further note showing revenue by destination of customer is also provided.

Business segment: the group has two distinct business segments that are subject to different risks and returns. The two business segments are identified as materials handling and filtration. The filtration segment was acquired during the period as part of the business combination detailed in note 36 to these financial statements. The filtration segment operates solely out of the North American geographical segment.

The directors consider geographical area to be the primary reporting segment.

Intangible assets

(a) **Goodwill**

Any excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Impairment of assets is tested as explained below.

(b) **Research and development costs**

Costs incurred on pure research projects are charged to the profit and loss account as incurred. Costs incurred on the development phase of projects are recognised as an intangible asset if, and only if, all the following can be demonstrated:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete and use or sell the asset;
- the ability to use or sell the asset.
- how the asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, capitalised development expenditure is stated at cost less accumulated amortisation and any accumulated impairment losses. Impairment of assets is tested as explained below.

Development expenditure that does not meet these criteria is recognised as an expense as incurred.

(c) **Other intangible assets**

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives as follows:

- Patents & licences - over the duration of the legal agreement
- Development expenditure - over the expected life of the asset
- Computer software - over between 3 and 10 years
- Customer relationships - over 25 years
- Order backlog - over the expected duration of the relevant orders.

The following intangible assets are assessed as having an indefinite useful life and are not subject to amortisation.

- Goodwill
- Trademarks
- Engineering drawings

As there are no known events that would indicate an end to the use of trade name or trade marks in the reasonably foreseeable future, it is considered appropriate to determine an indefinite useful life for trademarks. It is considered that engineering drawings will not become technically obsolete in the reasonably foreseeable future and so are determined to have an indefinite useful life.

All intangible assets are subject to impairment review as explained below.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to asset under construction are recognised as an expense as incurred.

Depreciation is provided on all property, plant and equipment on a straight line basis over its expected useful life as follows:

- Freehold land and buildings - 40 to 50 years
- Leasehold land and buildings - The period of the lease
- Plant, equipment and vehicles - 3 to 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount. See impairment of assets below.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. Summary of significant accounting policies (continued)

Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term, unless ownership will be taken at the end of the lease in which case the assets are depreciated over their expected useful life.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- *Financial assets at fair value through profit or loss*

  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within administrative expenses, in the period in which they arise.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

For the purpose of hedge accounting, hedges are classified as either:

- fair value hedge – hedging the exposure to changes in the fair value of a recognised asset, liability or firm commitment.
- cash flow hedge – hedging exposure to variability in cash flows attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction.
- net investment hedge – hedging a net investment in a foreign operation.

At the inception of a transaction to be designated as a hedge the Group documents the relationship between hedging instrument and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The only designated hedging transactions currently in place within the group are interest rate swaps hedging variable rate borrowings. Such designated hedging transactions are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instrument (swap) is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss (when the interest is charged).

If the hedging instrument expires or is sold, or if the hedge no longer meets the criteria for hedge accounting, amounts previously recognised in equity remain in equity until the forecast transactions (interest charges) occur and are transferred to the income statement as above. If the related transaction is not expected to occur, the amount is immediately taken to the income statement.

The forward currency contracts currently in place within the group are not treated as designated hedging instruments and as such are classified as held-for-trading under IAS 39. Held-for-trading financial derivatives are accounted for at fair value through profit and loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises materials, direct labour, other direct costs and attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving stock or defective items where appropriate.

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, short term deposits with original maturities of less than three months and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of 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, associates and joint ventures, where the timing of the reversal of the 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 profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

2. Summary of significant accounting policies (continued)

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 or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Current tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

Pension arrangements

The Group operates a defined benefit pension scheme and has a defined contribution pension scheme under which it pays fixed contributions to the Clyde Blowers Pension Scheme. The Group also has a defined contribution 401(k) plan covering substantially all the employees in the North American segment of the Group.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained annually at the balance sheet date, a formal valuation is performed every three years, with the last formal valuation of the scheme being at 1 May 2005. The resulting defined benefit liability or asset (deemed to be recoverable) is presented on the face of the balance sheet.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains and losses arising from experience adjustments and actuarial assumptions are charged or credited to equity in the statement of recognised income and expense in the period in which they arise.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Share capital

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue represents the net invoiced value of goods and services provided and for long-term contracts, the sales value of work done but not invoiced.

Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated under the percentage of completion method to reflect the proportion of the work carried out at the period end, by recording revenue and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been agreed by the customer. Amounts recoverable on contracts, being the amount by which recorded revenue is in excess of payments on account, is classified under trade and other receivables. The excess of payments received over amounts recorded as revenue is classified under trade and other payables. Cumulative costs incurred, net of amounts transferred to cost of sales, less provision for anticipated future losses on contracts, are included as work in progress in stock. Full provision is made for losses on all contracts in the period in which they are first foreseen.

Rental income

Rental income relates to the income as part of the service agreement with related parties for use of the Group's properties. It is recognised on an accruals basis in accordance with the substance of the relevant agreements and is shown as part of 'other income' within the income statement.

Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Finance income and expense

Interest income and expense is recognised on a time-proportion basis using the effective interest method. Where foreign exchange gains or losses arise on financial instruments (other than hedging instruments) relating to the financing activities of the group they are recognised in the income statement within net finance costs.

Dividend income

Dividend income is recognised when the right to receive payment is established

Dividend distribution

Interim dividends to the company's shareholders are recognised when they are paid. Final dividends to the company's shareholders are recognised in the period in which they are approved by the shareholders.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) **Market risk**

(i) **Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar & UK Pound. Other currencies that the Group is exposed to foreign exchange risk include the Brazilian Real, Chinese Renminbi and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

3. Financial risk management (continued)

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's most significant foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. The net investment in MAC Equipment Inc represents the largest currency translation risk within the group and is hedged by US dollar borrowings pushed down into the subsidiary as part of the acquisition.

The Group has several significant overseas subsidiary undertakings whose revenues and expenses are denominated in a variety of currencies. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge significant foreign exchange risk exposure through a combination of natural hedging and forward currency contracts. Details of the forward currency contracts that were outstanding at the balance sheet date are shown in note 25 of these financial statements.

It has been assessed that if the USD/GBP average and closing exchange rates had been 1 cent higher for the year, profit as shown in the consolidated income statement would be reduced by £39,000, net assets as shown in the consolidated balance sheet would be £37,000 lower and the translation reserve would be adjusted by £2,000.

(ii) **Cash flow interest rate risk**

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group policy is to maintain a significant proportion of its borrowings in fixed rate instruments. The Group exposure to cash flow interest rate risk has increased significantly in the year due to the acquisition of MAC Equipment Inc and the floating rate US dollar borrowings of this subsidiary. 75% of this risk has been formally hedged through the use of floating-to-fixed interest rate swaps. Details of the interest rate swap agreements in effect at the balance sheet date are shown in notes 23 and 25 of these financial statements.

It has been assessed that if the average interest rate charged on the Group US dollar borrowings had been a quarter percent higher during the year, the interest charged to the consolidated income statement would have been £21,000 higher. This sensitivity to US dollar interest rates is stated after consideration of interest rate hedging instruments that have been put in place.

(b) **Credit risk**

As a global business the Group is exposed to significant credit risk on large value projects. Credit risk is managed throughout the Group by a credit protection framework applied to all current and potential customers. The credit protection framework specifies the appropriate measures that are to be taken in order to mitigate credit risk wherever possible. The measures include; full or part payment in advance, documentary credits, credit risk insurance, bank guarantees, credit agency reports and prior knowledge and experience. Credit limits and limit utilisation are regularly monitored. Maintaining a large and unrelated customer base minimises the concentrations of credit risk.

Cash deposits and other financial instruments give rise to credit risk on amounts due from counter parties. The Group manages this risk by limiting the aggregate amounts and the duration of exposure depending on external credit ratings of the relevant company.

(c) **Liquidity risk**

The Group manages its liquidity risk centrally through a group credit facility agreement with its primary bankers. The credit agreement provides the group with flexibility in the type of credit available and the allocation of credit between different group entities. Liquidity is monitored at both the individual company level and at group level utilising short term and long term cash flow forecasts. Details of group borrowings and credit facilities, including maturity profiles, are given in note 23 of these financial statements.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

During the year the Group's capital structure was changed in order to facilitate the acquisition of MAC Equipment Inc. The acquisition was funded through a combination of equity and debt. The gearing ratio of the group at the balance sheet date was 32%. Compared to a gearing ratio at 28 February 2007 of nil%.

The group defines the gearing ratio as net debt divided by total capital. Net debt currently includes bank borrowings and finance lease obligations as shown in the consolidated balance sheet. Total capital is calculated as equity, as shown in the consolidated balance sheet plus net debt.

Fair value estimation

The fair value of the Group's financial instruments is calculated based on the present value of expected future cash flows. The exception being forward foreign exchange contracts, for which a valuation is ascertained from the group's primary bankers based on forward exchange rates at the balance sheet date. See note 25 of these financial statements.

4. Critical accounting estimates and judgements

The Group makes estimates and judgements in the preparation of the financial statements. The most significant estimates and judgements affecting the financial statements are discussed below:

(i) **Retirement benefit obligations**

The Group operates a defined benefit scheme for its employees, accounted for in accordance with IAS 19. The accounting entries relating to the Group pension scheme are based on actuarial valuations. Inherent in these valuations are key assumptions, including discount rates, earnings increases, mortality and increases in pension payments. These actuarial assumptions are reviewed annually in line with the requirements of IAS 19. The assumptions adopted are based on prior experience, market conditions and the advice of the plan actuaries. The main assumptions used in the IAS 19 valuation are shown in note 28 of the financial statements.

(ii) **Impairment of goodwill and other intangibles**

Goodwill and other intangible assets are reviewed for impairment in accordance with the requirements of IAS 38. The recoverable amount of goodwill is assessed by reference to the net present value of the expected future cash flows of the relevant cash generating unit (CGU). Estimates of cash flows involve a significant degree of judgement and are consistent with management's plans and forecasts.

(iii) **Taxation**

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes and deferred tax. Tax audit of certain transactions and calculations may give rise to subsequent revisions to the tax charge. Where the final tax outcome of these matters is different from that provided, the resulting amendment in the tax charge will impact the income statement in the period in which revised treatment is determined.

(iv) **Provisions**

IAS 37 requires that a provision be recognised where there is a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision should be recognised.

(v) **Revenue recognition**

The Group uses the percentage of completion method in accounting for its construction contracts. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

(vi) **Fair valuation of intangible assets on acquisition**

In accordance with IFRS3, the identifiable assets, liabilities and contingent liabilities acquired as part of the business combination detailed in note 36 have been measured initially at their fair values at the date of acquisition. The process of establishing a fair value for intangible assets such as customer relationships involves the use of significant estimates and subjective judgement.

5. Segmental information

(a) Primary reporting format – geographical segments

The segment result for the year to 29 February 2008 is as follows:

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Unallocated £'000	Total £'000
Total segment revenue	15,657	43,227	1,771	2,238	-	62,893
Inter-company segment revenue	648	97	-	551	-	1,296
External segment revenue	15,009	43,130	1,771	1,687	-	61,597
Operating profit	534	4,220	289	171	-	5,214
Share of loss of joint venture	-	-	-	(5)	-	(5)
Net finance income/(costs)	666	(2,473)	25	1	-	(1,781)
Profit before taxation	1,200	1,747	314	167	-	3,428
Taxation expense	-	-	-	-	(377)	(377)
Profit/(loss) for the period	**1,200**	**1,747**	**314**	**167**	**(377)**	**3,051**

The segment result for the year to 28 February 2007 is as follows:

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Unallocated £'000	Total £'000
Total segment revenue	13,079	2,300	1,075	1,646	-	18,100
Inter-company segment revenue	(469)	(3)	-	(306)	-	(778)
External segment revenue	12,610	2,297	1,075	1,340	-	17,322
Operating profit	1,180	253	232	234	-	1,899
Share of loss of joint venture	-	-	-	(4)	-	(4)
Net finance (costs)/income	(106)	4	36	1	-	(65)
Profit before taxation	1,074	257	268	231	-	1,830
Taxation expense	-	-	-	-	(327)	(327)
Profit/(loss) for the period	**1,074**	**257**	**268**	**231**	**(327)**	**1,503**

Other segment items included in the income statement for the year to 29 February 2008 are as follows:

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Unallocated £'000	Total £'000
Amortisation of intangible fixed assets	83	452	-	-	-	535
Inventory uplift reversal (note 6)	-	237	-	-	-	237
Impairment of trade receivables 8	(37)	-	3	-	(26)	
Depreciation of tangible fixed assets	145	317	19	5	-	486

Other segment items included in the income statement for the year to 28 February 2007 are as follows:

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Unallocated £'000	Total £'000
Amortisation of intangible fixed assets	109	-	-	-	-	109
Impairment of trade receivables	(11)	10	(43)	-	-	(44)
Depreciation of tangible fixed assets	59	3	10	2	-	74

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other third party receivables and cash and cash equivalents. Unallocated assets comprise taxation and deferred taxation.

Segment liabilities consist primarily of operating liabilities, third party financial liabilities (including derivative financial instruments) and pension obligations. Unallocated liabilities comprise taxation, deferred taxation.

Capital expenditure comprises additions to property, plant and equipment and intangibles.

The segment assets and liabilities at 29 February 2008 and capital expenditure for the period then ended is as follows:

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Unallocated £'000	Total £'000
Assets	14,988	61,005	435	1,911	2,328	80,667
Liabilities	(9,186)	(32,384)	(197)	(876)	(7,449)	(50,092)
Investment in joint venture	-	-	-	(14)	-	(14)
Total liabilities	(9,186)	(32,384)	(197)	(890)	(7,449)	(50,106)
Capital expenditure	218	499	60	16	-	793

The segment assets and liabilities at 28 February 2007 and capital expenditure for the period then ended is as follows:

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Unallocated £'000	Total £'000
Assets	13,060	1,300	746	1,105	-	16,211
Liabilities	(8,841)	(913)	(384)	(781)	(90)	(11,009)
Investment in joint venture	-	-	-	(9)	-	(9)
Total liabilities	(8,841)	(913)	(384)	(790)	(90)	(11,018)
Capital expenditure	689	4	35	13	-	741

Revenue by customer destination

	UK £'000	North America £'000	Rest of Americas £'000	Asia £'000	Mainland Europe £'000	Rest of World £'000	Total £'000
Year ended 28 February 2008	**9,135**	**41,793**	**1,770**	**4,580**	**3,759**	**560**	**61,597**
Year ended 28 February 2007	6,612	2,297	1,838	3,884	1,883	808	17,322

(b) **Secondary reporting format – business segments**

The segmental information for the year to 29 February 2008 is as follows:

	Materials Handling £'000	Filtration £'000	Total £'000
Total segment revenue	44,051	18,842	62,893
Inter-company segment revenue	1,296	-	1,296
External segment revenue	42,755	18,842	61,597

During the year to February 2007 the group had only one business segment, being materials handling. Group filtration activities commenced with the acquisition of MAC Equipment Holdings Ltd (note 36).

Management reporting does not split group assets and capital expenditure by business segment. Therefore this information is not presented in these financial statements.

6. Fair value accounting adjustments

Adjustments for non-cash fair value items

On acquisition (note 36), the assets and liabilities of MAC Equipment Holdings Ltd were re-stated to their fair values in accordance with IFRS 3.

The following analyses the impact on the income statement of the fair value adjustments on acquisition.

	Amortisation £'000	Inventory uplift reversal £'000	Total £'000
Cost of sales			
Additional cost of sales due to uplift to inventories	-	237	237
Amortisation of order backlog (intangible fixed assets)	318	-	318
	318	237	555
Administrative costs			
Amortisation of patents (Intangible fixed assets)	20	-	20
Amortisation of customer relationships (Intangible fixed assets)	60	-	60
	80	-	80

The fair value adjustments impacting upon cost of sales are one-off adjustments that will not affect the income statement in future years.

7. Other income

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Rental income	**80**	47
Royalty income	**101**	92
Total other income	**181**	139

8. Group operating profit

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment - owned	**475**	69
Depreciation of property, plant and equipment - leased	**11**	5
Amortisation of intangible assets recognised at fair value on acquisition (note 6)	**398**	-
Amortisation of other intangible assets	**137**	109
Fair value inventory uplift on acquisition	**237**	-
Cost of inventory recognised as expense	**31,074**	7,586
Impairment on trade receivables	**(26)**	(44)
Operating lease payments – land and buildings	**276**	217
Operating lease payments - other	**218**	175
Loss/(profit) on disposal of fixed assets	**13**	(7)
Research and development	**345**	208
Exchange (gain)/loss	**(38)**	18

During the year the Group obtained the following services from the Group's auditors at costs, as analysed below:

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Audit of the parent company and consolidated financial statements	**39**	25
Fees payable to the company auditor for other services:		
Audit of subsidiary company accounts	**102**	61
Review of interim consolidated financial statements	**29**	23
Tax services	**61**	6
Other services pursuant to legislation	**21**	14
Deal fees*	**210**	154

* Deal fees relate to the reporting accountants work in relation to the acquisition of MAC during the year and fees in relation to the issue of new equity share capital to finance the acquisition. Deal fees in the prior period relate to the reverse acquisition of Clyde Process Solutions plc.

9. Net finance costs

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Interest on bank overdrafts	**123**	69
Interest on borrowings	**1,300**	-
Finance lease interest	**22**	6
Net foreign exchange loss on financing activities	**207**	-
Working capital facility non-utilisation fees	**32**	-
Net finance cost on retirement benefit obligation (note 28)	**67**	38
Working capital arrangement fee and other similar charges	**143**	-
Total interest and similar charges payable	**1,894**	113
Interest receivable	**(113)**	(48)
Net finance costs	**1,781**	65

10. Income tax expense

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Current tax:		
UK corporation tax	**192**	44
Overseas corporation tax	**812**	254
Adjustments in respect of prior periods	**(142)**	(6)
	862	292
Deferred tax:		
Recognition of previously unrecognised deferred tax	**(835)**	-
Origination and reversal of temporary differences	**350**	35
	(485)	35
Tax charge in the income statement	**377**	327

10. Income tax expense (continued)

Factors affecting tax charge for the year

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Profit on ordinary activities before tax	**3,428**	1,830
Tax at standard UK rate of 30%	**1,028**	549
Effects of:		
Difference in overseas taxation rate	**117**	17
Adjustments in respect of prior periods	**(977)**	(6)
Deferred tax not recognised on losses and other timing differences	**-**	(272)
Expenses not deductible for tax purposes	**212**	21
Other adjustments	**(3)**	18
Tax charge in the income statement	**377**	327

11. Employee benefit expense

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Wages and salaries	**11,522**	3,144
Social security costs	**966**	325
Retirement benefit obligation costs (note 28)	**398**	264
	12,886	3,733

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

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Operations	**346**	74
Administration	**53**	23
Sales	**95**	32
	494	129

12. Directors' emoluments

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Remuneration	**658**	364

At 29 February 2008 2 (2007: 4) directors were accruing pension benefits under a defined benefit scheme.

A detailed analysis of Director's remuneration, shareholdings and pension benefits is provided in the Remuneration Report. Refer to page 25.

13. Earnings per ordinary share

The basic earning per share is calculated by dividing the earnings attributable to ordinary shareholders for the financial period by the weighted average number of shares in issue. In calculating the diluted earning per share, warrants and earn-out shares outstanding have been taken into account.

	Year ended 9 February 2008 (25p shares) £'000	Year ended 28 February 2008 (based on 25p shares) £'000
Profit for the period (£'000)	**3,027**	1,490
Weighted average number of shares (number)	**29,361,855**	9,439,425
Effect of outstanding share warrants	**120,000**	72,986
Effect of earn-out shares	**8,201,948**	5,778,082
Adjusted weighted average number of shares (number)	**37,683,803**	15,290,493
Basic earnings per share	**10.31p**	15.78p
Diluted earnings per share	**8.03p**	9.74p

During the period new ordinary shares were issued and the existing ordinary share capital was consolidated 1:50 (note 32).

Share warrants exercisable at any time up to 16 March 2008 have now lapsed without exercise. There are no further share warrants outstanding.

The earnings per share information for the year ended 28 February 2007 has been re-stated to reflect the 1:50 share consolidation that occurred during the current period.

To give a better reflection of the movement in EPS between the two years, the following calculation of Adjusted EPS are included:

	Year ended 29 February 2008 (25p shares) £'000	Year ended 28 February 2007 (based on 25p shares) £'000
Profit for the period (£'000)	**3,027**	1,490
Add back non cash fair value adjustments	**635**	-
Less deferred tax benefit from fair value adjustments	**(241)**	-
Adjusted profit for the period	**3,421**	1,490
Adjusted weighted average number of shares (number)	**37,683,803**	15,290,493
Adjustment for full number of earn out shares (number)	**-**	2,423,866
Fully adjusted weighted average number of shares (number)	**37,683,803**	17,714,359
Adjusted earnings per share	**9.08p**	8.41p

14. Dividends paid and proposed

No dividend has been declared and paid during the year ended 29 February 2008 (2007: £nil). A dividend in respect of the year ended 29 February 2008 of 1.05 pence per share, amounting to a total dividend of £337,835, is to be proposed at the annual general meeting on 24 July 2008. These financial statements do not reflect this dividend payable.

15. Cash flows from operations

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Operating profit	**5,214**	1,899
Amortisation & fair value uplift reversal	**812**	109
Depreciation	**486**	74
Loss/profit on disposal of property, plant & equipment	**13**	(6)
Fair value losses on derivative financial instruments	**41**	-
Retirement benefit obligation	**(539)**	(458)
Decrease/(increase) in inventories	**139**	(205)
Increase in trade & other receivables	**(2,655)**	(3,004)
Increase in trade & other payables	**3,423**	3,284
Increase in provisions for liabilities and charges	**(27)**	(46)
Cash generated from operations	**6,907**	1,647

16. Goodwill

	Goodwill £'000
Cost	
At 1 March 2007	6,908
Adjustment to provisional value*	(154)
Acquisition of subsidiary (note 36)	24,053
Exchange differences	(361)
At 29 February 2008	**30,446**
Accumulated impairment	
At 28 February 2007 and 29 February 2008**	(693)
Net book amount at 29 February 2008	**29,753**
Net book amount at 28 February 2007	6,215

	Goodwill £'000
Cost	
At 1 March 2006	5,737
Reverse acquisition of subsidiary	1,171
At 28 February 2007	**6,908**
Accumulated impairment	
At 28 February 2006 and 28 February 2007	(693)
Net book amount at 28 February 2007	**6,215**
Net book amount at 28 February 2006	5,044

*The adjustment to the provisional value of goodwill relates to the reverse acquisition of Clyde Materials Handling Ltd on 21 July 2006. The initial assessment of the cost of the business combination included an estimate of the deferred consideration payable on achievement of certain earn-out targets (note 33). The earn-out period was complete on 29 February 2008. In accordance with IFRS 3 the cost of the business combination has been adjusted to reflect the final earn-out value.

**The accumulated impairment of Goodwill relates to the period prior to adoption of IFRS. Under IFRS goodwill is not amortised but is reviewed for impairment

Impairment

An impairment review was carried out on goodwill assets as at 29 February 2008.

Goodwill has been allocated for impairment testing purposes to two cash-generating units (CGU), Clyde Materials Handling (UK) Limited and MAC Equipment Inc.

The carrying amounts of goodwill by CGU are as follows:

	CMH Ltd £'000	MAC Inc £'000	Total £'000
Goodwill	6,061	23,692	29,753

The recoverable amount of a CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding discount rates (UK 10%, US 9%) and the long-term growth rates (4%). The discount rate applied to the cash flow forecast is based on the weighted average, nominal, risk adjusted cost of capital, while growth rates are based on management's experience and expectations and do not exceed the long term average growth rate for the area in which the CGU operates.

These calculations use cash flow projections based on financial budgets approved by management, covering a three-year period. These projections are based on historical performance and the most recent financial forecasts available. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. The weighted average growth rates are consistent with forecasts.

Key assumptions

- Retention of existing business and securing new business;
- Gross margins; and
- Growth rate used to extrapolate cash flows beyond the budget period.

Sensitivity to changes in assumptions

All of the recoverable amounts were measured based on value in use. With regard to the assessment in value in use for each cash generating unit, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

The results of the review undertaken at 29 February 2008 indicated that no impairment was necessary in respect of goodwill.

17. Other intangible fixed assets

	Customer Relationships £'000	Engineering Drawings £'000	Patents & Licences £'000	Trademarks £'000	Order Backlog £'000	Software £'000	Total £'000
Cost							
At 1 March 2007	-	-	2	-	-	341	343
Acquisition of subsidiary	1,726	2,592	397	11,351	325	616	17,007
Additions	-	-	-	-	-	53	53
Exchange difference	(26)	(40)	(6)	(175)	(5)	(10)	(262)
At 29 February 2008	**1,700**	**2,552**	**393**	**11,176**	**320**	**1,000**	**17,141**
Accumulated amortisation							
At 1 March 2007	-	-	-	-	-	(256)	(256)
Amortisation in the year	(60)	-	(20)	-	(318)	(137)	(535)
Exchange difference	-	-	-	-	(2)	(1)	(3)
At 29 February 2008	**(60)**	**-**	**(20)**	**-**	**(320)**	**(394)**	**(794)**
Net book amount							
At 29 February 2008	**1,640**	**2,552**	**373**	**11,176**	**-**	**606**	**16,347**
At 28 February 2007	-	-	2	-	-	85	87

	Customer Relationships £'000	Engineering Drawings £'000	Patents & Licences £'000	Trademarks £'000	Order Backlog £'000	Computer Software £'000	Total £'000
Cost							
At 1 March 2006	-	-	-	-	-	335	335
Additions	-	-	2	-	-	6	8
At 28 February 2007	**-**	**-**	**2**	**-**	**-**	**341**	**343**
Accumulated amortisation							
At 1 March 2006	-	-	-	-	-	(147)	(147)
Amortisation in the year	-	-	-	-	-	(109)	(109)
At 28 February 2007	**-**	**-**	**-**	**-**	**-**	**(256)**	**(256)**
Net book amount							
At 28 February 2007	**-**	**-**	**2**	**-**	**-**	**85**	**87**
At 28 February 2006	-	-	-	-	-	188	188

The amortisation charge of £535,000 (2007 £109,000) has been charged in 'cost of sales' £318,000 (2007 £nil) and 'administrative costs' £217,000 (2007 £109,000).

At each reporting date an assessment is made for any indication that an intangible asset has been impaired. If such an indication exists then the recoverable amount of that asset is re-assessed. Intangible assets with indefinite lives are tested for impairment annually, or more frequently if there is an indication that impairment may have arisen.

Engineering drawings and trademarks are assessed as having indefinite useful lives. Both are allocated to the MAC Equipment Inc CGU for impairment testing purposes. Impairment testing is performed in accordance with the methodology detailed in note 16.

18. Property, plant and equipment

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant equipment & vehicles £'000	Total £'000
Cost				
At 1 March 2007	697	517	494	1,708
Additions	21	64	655	740
Acquisition of subsidiary	4,027	-	2,138	6,165
Exchange difference	(62)	-	(7)	(69)
Disposals	-	-	(98)	(98)
At 29 February 2008	**4,683**	**581**	**3,182**	**8,446**
Depreciation				
At 1 March 2007	(62)	(16)	(92)	(170)
Charge for the year	(104)	(40)	(342)	(486)
Exchange difference	-	-	(7)	(7)
Disposals	-	-	67	67
At 29 February 2008	**(166)**	**(56)**	**(374)**	**(596)**
Net book amount				
At 29 February 2008	**4,517**	**525**	**2,808**	**7,850**
At 28 February 2007	635	501	402	1,538

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant equipment & vehicles £'000	Total £'000
Cost				
At 1 March 2006	697	126	324	1,147
Additions	-	392	341	733
Exchange difference	-	-	(6)	(6)
Disposals	-	(1)	(165)	(166)
At 28 February 2007	**697**	**517**	**494**	**1,708**
Depreciation				
At 1 March 2006	(48)	(12)	(179)	(239)
Charge for the year	(14)	(5)	(55)	(74)
Exchange difference	-	-	2	2
Disposals	-	1	140	141
At 28 February 2007	**(62)**	**(16)**	**(92)**	**(170)**
Net book amount				
At 28 February 2007	**635**	**501**	**402**	**1,538**
At 28 February 2006	649	114	145	908

The depreciation charge of £486,000.(2007 £74,000) has been charged in 'cost of sales' £217,000 (2007 £nil), 'distribution costs' £28,000 (2007 £22,000) and 'administrative costs' £241,000 (2007 £52,000). Included within plant and equipment are assets held under finance leases and other similar arrangements. The net book value of such assets is £67,000 (2007 £73,000) and the depreciation charge in the year was £11,000 (2007 £1,000).

19. Inventories

	29 February 2008 £'000	28 February 2007 £'000
Raw materials and consumables	**3,092**	775
Work in progress	**727**	234
	3,819	1,009

The cost of inventories recognised as expense and included in "cost of sales" amounted to £31.074m (2007: £7.586m).

20. Trade and other receivables

	29 February 2008 £'000	28 February 2007 £'000
Trade receivables	**12,960**	4,584
Less: provision for impairment of trade receivables	**(1,100)**	(927)
Trade receivables: net of provisions	**11,860**	3,657
Amounts recoverable under contracts	**3,119**	2,009
Other debtors	**251**	326
Prepayments and accrued income	**662**	95
VAT recoverable	**88**	409
	15,980	6,496

The carrying amount of trade and other receivables is considered to be a reasonable approximation to the fair value.

Movements on the provision for impairment of trade receivables are as follows:

	29 February 2008 £'000	28 February 2007 £'000
Beginning of the year	**(927)**	(971)
Acquisition of subsidiary	**(204)**	-
Provisions for receivables impairment	**(93)**	(14)
Receivables written off during the year	**56**	-
Reversal of provisions not required	**63**	51
Exchange difference	**5**	7
End of the year	**(1,100)**	(927)

Credit quality of trade receivables

Trade receivables by geographical segment, analysed by due date and impairment.

29 February 2008 Geographical Segment	Fully performing £'000	Less than 30 days past due £'000	Less than 60 days past due £'000	More than 60 days past due £'000	Impaired £'000	Total £'000
United Kingdom	2,530	102	270	71	894	3,868
North America	5,533	1,987	211	232	203	8,166
Rest of America's	69	3	-	7	-	79
Asia	817	22	-	5	3	847
	8,949	2,115	481	315	1,100	12,960

28 February 2007 Geographical Segment	Fully performing £'000	Less than 30 days past due £'000	Less than 60 days past due £'000	More than 60 days past due £'000	Impaired £'000	Total £'000
United Kingdom	2,193	170	125	30	886	3,404
North America	571	-	5	48	41	665
Rest of America's	152	-	-	-	-	152
Asia	360	-	-	3	-	363
	3,276	170	130	81	927	4,584

The UK segment impaired trade receivables of £894,000 (2007 £886,000) relate almost entirely to one customer. This trade receivable continues to be pursued through the courts.

20. Trade and other receivables (continued)

Trade receivables that are past due but not impaired are considered recoverable based on prior experience and current knowledge of the customer.

Impairment of trade receivables is charged to the income statements as part of administrative expenses.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	29 February 2008 £'000	28 February 2007 £'000
Pound Sterling	**5,061**	4,484
US Dollar	**9,589**	1,318
Chinese Renminbi	**951**	428
Brazilian Real	**132**	109
Euro	**247**	157
End of the year	**15,980**	6,496

The Group seeks to reduce its exposures to credit risk in line with the policies disclosed in note 3(b) of these financial statements. The largest concentrations of credit risk are in relation to high value project contracts. Credit risk on high value projects is assessed on a contract by contract basis.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable above. The Group does not hold any collateral as security.

21. Cash and cash equivalents

	29 February 2008 £'000	28 February 2007 £'000
Cash at bank and on hand	**4,587**	862
Cash and cash equivalents for cashflow purposes are as follows:		
Cash and cash equivalents	**4,587**	862
Bank overdraft	**-**	(131)
	4,587	731

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	29 February 2008 £'000	28 February 2007 £'000
Pound Sterling	**1,638**	(165)
US Dollar	**2,664**	91
Chinese Renminbi	**208**	220
Brazilian Real	**127**	460
Euro	**(12)**	125
Canadian Dollar	**(38)**	-
	4,587	731

22. Trade and other payables

	29 February 2008 £'000	28 February 2007 £'000
Trade creditors	**5,828**	3,271
Other taxes and social security	**244**	134
Payments received on account	**3,930**	1,162
Other creditors	**2,547**	484
Accruals and deferred income	**7,168**	1,487
Pensions accrual	**57**	57
	19,774	6,595

23. Bank overdraft, bank borrowings and finance leases

	29 February 2008 £'000	28 February 2007 £'000
Current		
Bank overdraft	**-**	131
Bank borrowings	**964**	-
Current obligations under finance leases	**28**	9
	992	140
Non-current		
Bank borrowings	**18,127**	-
Non-current obligations under finance leases	**63**	62
	18,190	62
Total borrowings	**19,182**	202

The maturity profile of the carrying amount of the borrowings was as follows:

	29 February 2008 £'000	28 February 2007 £'000
Within one year, or on demand	**992**	140
Between 1 and 2 years	**1,454**	9
Between 2 and 5 years	**6,723**	28
Greater than 5 years	**10,013**	25
	19,182	202

The carrying amounts of the group's borrowings are denominated in the following currencies:

	29 February 2008 £'000	28 February 2007 £'000
US Dollars	**19,120**	-
Pounds Sterling	**62**	202
	19,182	202

The carrying amount of the Group's borrowings that are subject to a floating rate of interest is considered to be a reasonable approximation of the fair value. Borrowings subject to a fixed rate of interest are not significant to the financial statements and therefore no assessment of fair value has been made.

Facility agreements

The bank overdraft and bank borrowings are sourced from a term loan facility agreement and a working capital facility agreement between the Bank of Scotland and Clyde Process Solutions plc dated 12 February 2007. The term loan facility comprised initial funding of $40m in three separate tranches (A, B & C), subject to the repayment and other terms of the agreement. The working capital facility provides a $20m total facility comprising bank overdraft, bank guarantees, arrangements for forward foreign exchange contracts, foreign currency borrowings, letters of credit and business credit cards. As a condition of the facilities the Group has provided security against the amounts borrowed by way of various guarantees, charges and other securities over the assets of the Group. In addition, the continued availability of the facilities, up until the maturity date is subject to warranties, general undertakings, financial covenants and certain defined events of default. The facility limits are specified in US Dollars within the agreements. There were no defaults or covenant breaches during the year.

After the balance sheet date a new working capital facility was agreed with Bank of Scotland at $27.5m. This increase was requested to ensure that sufficient facility was in place for projected bank guarantee requirements.

Working capital facility

The overdraft element of the working capital facility was subject to an interest charge of Bank of Scotland base rate plus a margin of 1.75%.

At the balance sheet date the undrawn portion of the committed annual facility amounted to $6.585m or £3.310m (2007: £1.268m of a total £5.450m facility available at that date). The facilities incur commitment fees of 0.75% on the unutilised element.

Term loan A

Term loan A was initially drawn down at a value of $20m. The loan has scheduled quarterly repayment dates commencing 30 June 2007 and ending 31 March 2013. The initial quarterly repayments are $500,000, increasing to $812,500 on 30 June 2009, $937,500 on 30 June 2010, $1,000,000 on 30 June 2011 and $1,250,000 on 30 June 2012.

23. Bank overdraft, bank borrowings and finance leases (continued)

The loan bears interest based on the US Dollar LIBOR rate plus a margin of 1.75%. The interest rate is re-priced at intervals of 3 months. 75% of the interest has been fixed at 5.29% against floating USD LIBOR until 30 June 2010 using an interest rate swap agreement, thereby fixing the rate of interest on 75% of the outstanding loan balance at 7.04% for the duration of the swap agreement. The effective rate of interest on term loan A is 6.39% based on the 31 March 2008 re-priced interest rate.

Term loan B

Term loan B was initially drawn down at a value of $10m. The loan is repayable on a single repayment date falling on 31 March 2014.

The loan bears interest based on the US Dollar LIBOR rate plus a margin of 2.25%. The interest rate is re-priced at intervals of 3 months. 75% of the interest has been fixed at 5.28% against floating USD LIBOR until 30 June 2010 using an interest rate swap agreement, thereby fixing the rate of interest on 75% of the outstanding loan balance at 7.53% for the duration of the swap agreement. The effective rate of interest on term loan B is 6.88% based on the 31 March 2008 re-priced interest rate.

Term loan C

Term loan C was initially drawn down at a value of $10m. The loan is repayable on a single repayment date falling on 31 March 2015.

The loan bears interest based on the US Dollar LIBOR rate plus a margin of 2.75% The interest rate is re-priced at intervals of 3 months. 75% of the interest has been fixed at 5.28% against floating USD LIBOR until 30 June 2010 using an interest rate swap agreement, thereby fixing the rate of interest on 75% of the outstanding loan balance at 8.03% for the duration of the swap agreement. The effective rate of interest on term loan C is 7.38% based on the 31 March 2008 re-priced interest rate.

24. Obligations under finance leases

The present value of minimum lease payments is analysed as follows:

	29 February 2008 £'000	28 February 2007 £'000
Amounts due:		
Less than one year	**28**	9
Between one and two years	**20**	10
Between two and five years	**32**	27
After five years	**11**	25
	91	71

Future minimum lease payments under finance leases fall due as follows:

	29 February 2008 £'000	28 February 2007 £'000
Amounts due:		
Less than one year	**32**	12
Between one and two years	**22**	12
Between two and five years	**35**	31
After five years	**11**	26
	100	81
Less finance charges allocated to future periods	**(9)**	(10)
Present value of minimum lease payments	**91**	71

25. Derivative financial instruments

	29 February 2008 Assets £'000	**29 February 2008 Liabilities £'000**	28 February 2007 Assets £'000	28 February 2007 Liabilities £'000
Current portion				
Interest rate swaps – cash flow hedges	**-**	**(305)**	-	-
Held-for-trading forward currency contracts	**3**	**(40)**	4	-
	3	**(345)**	4	-

	29 February 2008 Assets £'000	Liabilities £'000	28 February 2007 Assets £'000	Liabilities £'000
Non-current portion				
Interest rate swaps – cash flow hedges	-	(441)	-	-
Held-for-trading forward currency contracts	-	-	-	-
	-	(441)	-	-
Total	3	(786)	4	-

The maturity profile of the derivative financial instruments at their fair value is analysed as follows:

	29 February 2008 £'000	28 February 2007 £'000
Within one year	(342)	4
Between 1 and 2 years	(339)	-
Between 2 and 5 years	(102)	-
Greater than 5 years	-	-
Total (liability)/asset	(783)	4

Interest rate swaps

The fair value of interest rate swaps is based on the expected future cash flows of the swap, discounted at the zero coupon forward USD LIBOR rates at the balance sheet date. Expected future cash flows are established using the forward market rates for interest rate swaps at the balance sheet date. The interest rate swaps are designated as hedging arrangements. The losses on interest rate swaps that are deemed to be an effective hedge are recognised direct to equity. The ineffective portion that was recognised in the income statement during the year amounts to £nil (2007 £nil).

Forward currency contracts

Forward currency contracts not formally designated as a hedge are classified as held for trading . The fair value of forward currency contracts is ascertained from the group's primary bankers based on forward exchange rates at the balance sheet date. The notional principal amounts of the outstanding contracts at the balance sheet date were £1.272m (2007 £1.140m). The fair value gains and losses have been charged to the income statement within administrative costs.

26. Government grants

	29 February 2008 £'000	28 February 2007 £'000
Balance at 1 March 2007	-	-
Grants received in the year	90	-
Amounts recognised in the income statement	(6)	-
Balance at 29 February 2008	84	-

The grant was awarded in relation to the capital expenditure associated with the relocation of Clyde Materials Handling Ltd business premises and will be released to the income statement over the 15 year period of the lease. The conditions of the original grant continue to be met. Further grants will become receivable totalling £85,000 on meeting certain additional requirements, including the creation of new jobs. At the balance sheet date these additional conditions had not yet been satisfied.

27. Deferred income tax

In prior periods no deferred tax assets were recognised because, in the opinion of the directors, the realisation of the related tax benefit through the future taxable profit was not probable. In the current period the directors have revised this opinion and all deferred tax assets and liabilities are now fully recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the taxes relate to the same fiscal authority. The offset amounts are as follows:

	29 February 2008 £'000	28 February 2007 £'000
Deferred tax assets	(2,320)	(16)
Deferred tax liabilities	7,233	51
Net deferred tax liabilities	4,913	35

27. Deferred income tax (continued)

The movement in deferred income tax assets and liabilities during the year, is as follows:

Deferred tax assets	Interest Rate Hedging £'000	Tangible fixed assets £'000	Pension liability £'000	Tax losses £'000	Other timing differences £'000	Total £'000
Balance at 28 February 2006	-	-	-	-	-	-
Credit to income statement	-	-	-	-	(16)	(16)
Balance at 28 February 2007	-	-	-	-	(16)	(16)
(Credit)/charge to income statement	-	(25)	189	(843)	433	(246)
Credit direct to equity	(282)	-	(807)	-	-	(1,089)
Acquisition of subsidiary (note 36)	-	-	-	(6)	(980)	(986)
Exchange differences	-	-	-	-	17	17
Balance at 29 February 2008	**(282)**	**(25)**	**(618)**	**(849)**	**(546)**	**(2,320)**

Deferred tax liabilities	Intangible fixed assets £'000	Tangible fixed assets £'000	Other timing differences £'000	Total £'000
Balance at 28 February 2006	-	-	-	-
Charge to income statement	-	3	48	51
Balance at 28 February 2007	-	3	48	51
Charge/(credit) to income statement	(151)	33	(121)	(239)
Charge/(credit) direct to equity	-	-		-
Acquisition of subsidiary (note 36)	6,229	1,183	128	7,540
Exchange differences	(97)	(18)	(4)	(119)
Balance at 29 February 2008	**5,981**	**1,201**	**51**	**7,233**

During the year, as a result of the changes in UK Corporation Tax rates which will be effective from 1 April 2008, UK deferred tax balances have been remeasured using a tax rate of 28% as this is the tax rate that will apply on reversal.

The following is an analysis of the unrecognised deferred tax balances.

	29 February 2008 £'000	28 February 2007 £'000
Accelerated capital allowances	-	16
Short term timing differences	-	38
Losses	-	954
Retirement benefit obligations	-	1,184
Asset	-	2,192

28. Retirement benefit obligations

Defined contribution pension scheme

The Group operates a defined contribution pension scheme, under which the Group pays fixed contributions to Clyde Blowers Pension Scheme. The Group also has a defined contribution 401(k) plan covering substantially all the employees in the North American segment of the Group.

In respect of the defined contribution schemes £239,000 (2007: £47,000) has been recognised as an administrative expense during the period. Expected contributions to the defined contribution schemes for the year ending 28 February 2009 are £290,000.

Defined benefit pension scheme

The Group operates a defined benefit plan for 41 employees.

The actuarial valuation of the defined benefit pension scheme was performed by Hymans Robertson. A full pension scheme valuation is undertaken every three years. The last full review occurred in May 2005.

The amounts recognised in the balance sheet are determined as follows:

	29 February 2008 £'000	28 February 2007 £'000
Fair value of scheme assets	**18,178**	18,911
Present value of funded obligations	**(20,385)**	(22,858)
Liability in the balance sheet	**(2,207)**	(3,947)

The amounts recognised in the income statement is as follows:

	29 February 2008 £'000	28 February 2007 £'000
Current service cost	**159**	179
Interest cost	**1,174**	1,097
Expected return on plan assets	**(1,107)**	(1,059)
Total income statement charge	**226**	217

The current service cost is included within the administrative expenses. Interest cost and expected return on plan assets are included in net finance costs.

Expected contributions to the defined benefit scheme for the year ending 28 February 2009 are £705,000.

The actual return on scheme assets was £775,000 (2007: £908,000).

The amounts recognised in the statement of recognised income and expense is as follows:

	29 February 2008 £'000	28 February 2007 £'000
Actuarial gains recognised on scheme obligations in the period	**3,083**	433
Actuarial losses on scheme assets in the period	**(1,882)**	(151)
	1,201	282

The cumulative actuarial gain recognised in equity to 29 February 2008 is £2,584,000 (2007 £1,383,000).

The movement in the defined benefit obligation over the year is as follows:

	29 February 2008 £'000	28 February 2007 £'000
Beginning of the year	**22,858**	22,595
Current service cost	**159**	179
Interest cost	**1,174**	1,097
Contributions by scheme participants	**164**	126
Actuarial gains	**(3,083)**	(433)
Benefits paid	**(887)**	(706)
End of the year	**20,385**	22,858

The movement in the fair value of scheme assets of the year is as follows:

	29 February 2008 £'000	28 February 2007 £'000
Beginning of the year	**18,911**	17,946
Expected return on scheme assets	**1,107**	1,059
Actuarial losses	**(1,882)**	(151)
Employer contributions	**765**	637
Employee contributions	**164**	126
Benefits paid	**(887)**	(706)
End of the year	**18,178**	18,911

28. Retirement benefit obligations (continued)

The principal actuarial assumptions used were as follows:

	29 February 2008 %	28 February 2007 %
Rate of salary increases	**3.30%**	2.90%
Future pension increases	**3.30%**	2.90%
Expected return on scheme assets	**6.26%**	5.87%
Discount rate	**6.60%**	5.20%
Inflation assumption	**3.30%**	2.90%

Mortality assumption

Future increases in longevity have been allowed for by projecting to calendar year 2035 for current pensioners and 2050 for all other members, plus an additional 5% mortality loading has been added to the liabilities at the year end.

Expected return on assets

The expected return on assets is based on the long-term expectations for each asset class at the beginning of the period.

Scheme assets are comprised as follows:

	Allocation of assets %	Value at 29 February 2008 £'000	Allocation of assets %	Value at 28 February 2007 £'000
Equities	**49.95%**	**9,080**	50.23%	9,499
Corporate bonds	**24.15%**	**4,390**	24.04%	4,546
Government bonds	**17.39%**	**3,161**	16.06%	3,037
Property	**8.30%**	**1,508**	9.35%	1,768
Cash	**0.21%**	**39**	0.32%	61
Total market value of assets	**100.00%**	**18,178**	100.00%	18,911

History of experience gains and losses:

	29 February 2008 £'000	28 February 2007 £'000	28 February 2006 £'000
Present value of defined benefit obligations	**(20,385)**	(22,858)	(22,595)
Fair value of scheme assets	**18,178**	18,911	17,946
Deficit	**(2,207)**	(3,947)	(4,649)
Experience adjustment on scheme liabilities	**(10)**	(71)	(443)
Experience adjustment on scheme assets	**(1,882)**	(151)	1,864

29. Investments in joint venture

In August 2005, Clyde Materials Handling Limited formed a joint venture company, Clyde-Worley Parsons Pte Limited with Worley Parsons Limited, a provider of professional services to the energy, resource and complex process industries.

	Interest in Joint Ventures £'000
Interest in joint venture:	
At 1 March 2007	(9)
Share of loss after tax for the year	(5)
At 29 February 2008	**(14)**

The results of the joint venture, which is unlisted, and its assets and liabilities are as follows:

	Country of incorporation	Current Assets £'000	Current Liabilities £'000	Income £'000	Expenses £'000	Interest Held %
Clyde Worley Parsons Pte Limited	Singapore	10	(38)	-	(9)	50%

There are no contingent liabilities or capital commitments with Clyde Worley Parsons Pte Limited.

30. Provisions for liabilities and charges

	Contract provisions £'000	Warranty £'000	Total £'000
At 28 February 2007	62	78	140
Acquisition of subsidiary	-	505	505
Provided	116	809	925
Utilised or released	(112)	(840)	(952)
Exchange differences	-	(8)	(8)
At 29 February 2008	**66**	**544**	**610**

All of the above provisions are expected to be fully utilised by the Group within the next financial year.

Contracts

Provision has been made for specific additional costs to be incurred on contracts. The provision represents the directors' best estimate of the likely costs on these contracts.

Warranty

The Group provides for actual and anticipated warranty claims on its products.

31. Financial Commitments and contingent liabilities

a) **Operating lease commitments**

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land & buildings 2008 £'000	Land & buildings 2007 £'000	Other operating leases 2008 £'000	Other operating leases 2007 £'000
No later than 1 year	**248**	13	**218**	4
Later than 1 year and no later than 5 years	**814**	46	**260**	140
Later than 5 years	**1,678**	169	**11**	-
Total non-cancellable operating lease commitments	**2,740**	228	**489**	144

b) **Contingent liabilities**

Bank guarantees to the value of £6.912m (2007: £2.346m) were entered into in the normal course of the Group's business. Other contingent liabilities arise in the ordinary course of business in connection with the completion of contracts. In the opinion of the directors no material loss will arise from such contingent liabilities in excess of the amounts provided in the financial statements.

The guarantee and overdraft facilities are obtained after the granting of fixed and floating charges over the assets of the Group.

c) **Capital commitments**

The Group had capital commitments for property, plant and equipment of £246,000 at 29 February 2008 (2007: £62,000).

32. Share capital

	29 February 2008 £'000	28 February 2007 £'000
Authorised		
50,000,000 ordinary shares of £0.25 each (2007: 1,500,000,000 at £0.005 each)	**12,500**	7,500
Allotted, called up and fully paid		
32,174,762 ordinary shares of £0.25 each (2007: 513,500,000 at £0.005 each)	**8,044**	2,568

On 17 April 2007 21,904,762 new ordinary shares were issued. The nominal value of each share was £0.25 and the market issue price was £1.05. The proceeds of the issue generated additional share capital of £5.476m and additional share premium of £15.479m after deduction of issue costs. Prior to the share issue, the existing ordinary shares were consolidated into new ordinary shares on the basis of one new ordinary share for every 50 existing ordinary shares.

Share Warrants

Share warrants exercisable at any time up to 16 March 2008 and outstanding at the balance sheet date have now lapsed without exercise.

33. Reconciliation of movements in equity attributable to shareholders

	Equity share capital £'000	Share premium account £'000	Earn-out shares £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2006	2,789	311	-	30	(1,025)	2,105
Profit attributable to Shareholders	-	-	-	-	1,490	1,490
Exchange adjustments on translation	-	-	-	(96)	-	(96)
New shares issued in the year by Clyde Process Solutions plc	2,048	-	-	-	-	2,048
Premium on issue of ordinary share capital	-	1,662	-	-	-	1,662
Shares due on achievement of earn-out	-	-	9,500	-	-	9,500
Merger reserve arising on shares issued to acquire Clyde Materials Handling Ltd	-	-	-	4,302	-	4,302
Reverse acquisition conversion	(2,269)	925	-	(14,792)	-	(16,136)
Actuarial gain on retirement benefit obligations	-	-	-	-	282	282
Balance at 28 February 2007	2,568	2,898	9,500	(10,556)	747	5,157
Balance at 1 March 2007	2,568	2,898	9,500	(10,556)	747	5,157
Profit attributable to Shareholders	-	-	-	-	3,027	3,027
Exchange adjustments on translation	-	-	-	11	-	11
New shares issued in the year	5,476	-	-	-	-	5,476
Premium on issue of ordinary share capital	-	15,479	-	-	-	15,479
Fair value loss on cash flow hedges	-	-	-	(746)	-	(746)
Deferred tax asset on cash flow hedging liability	-	-	-	282	-	282
Amendment to earn-out shares*	-	-	(1,298)	1,144	-	(154)
Deferred tax asset on retirement benefit obligation	-	-	-	-	807	807
Actuarial gain on retirement benefit obligations	-	-	-	-	1,201	1,201
Balance at 29 February 2008	**8,044**	**18,377**	**8,202**	**(9,865)**	**5,782**	**30,540**

* Part of the consideration for the reverse acquisition of Clyde Materials Handling Ltd ("CMH") on 21 July 2006 was in the form of earn-out shares. As explained in the shareholders circular dated 27 June 2006 the earn out shares payable under CMH's acquisition agreement in July 2006 will be issued dependent on the cumulative level of EBITDA of CMH for the 24 months ending 29 February 2008. The acquisition agreement stated that for every £1 that CMH's cumulative EBITDA for the 24 months ending 29 February 2008 exceeded £1m, 2.67 earn out shares would be issued, subject to a maximum of 9.5m earn out shares.

CMH EBITDA for the 12 months ended 29 February 2008 was £1.810m. Cumulative EBITDA for CMH for the 24 months ended 29 February 2008 is £4.072m. Based on the acquisition agreement, it is anticipated that a total of 8.202m earn out shares will be issued for nil further consideration. The net adjustment to equity of £154,000 is an adjustment to the provisional goodwill value on the reverse acquisition (see note 16).

34. Other reserves

	Merger reserve £'000	Reverse acquisition reserve £'000	Hedging reserve £'000	Translation reserve £'000	Total other reserves £'000
Balance at 1 March 2006	-	-	-	30	30
Exchange adjustments	-	-	-	(96)	(96)
Merger reserve arising on shares issued to acquire Clyde Materials Handling Ltd	4,302	-	-	-	4,302
Reverse acquisition conversion	-	(14,792)	-	-	(14,792)
Balance at 28 February 2007	4,302	(14,792)	-	(66)	(10,556)
Balance at 1 March 2007	4,302	(14,792)	-	(66)	(10,556)
Exchange adjustments	-	-	-	11	11
Fair value loss on cash flow hedges	-	-	(746)	-	(746)
Deferred tax asset on cash flow hedging liability	-	-	282	-	282
Amendment to earn-out shares	-	1,144	-	-	1,144
Balance at 29 February 2008	**4,302**	**(13,648)**	**(464)**	**(55)**	**(9,865)**

35. Related party transactions

InBulk Technologies Ltd, a company with certain common directors to CPS, purchased goods and services from the company. Amounts included in the income statement and balance sheet for the current period are as follows:

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Premises rented to InBulk Technologies	**6**	6
Services provided to InBulk Technologies Ltd	**62**	162

At 29 February 2008 InBulk Technologies Ltd owed the Clyde Process Solutions Group £11,547 (2007 £nil).

Clyde Blowers Ltd, a company with certain common directors and shareholders to CPS, provided management services to CPS. The management fee payable covered the services of the directors based in East Kilbride, marketing, legal, treasury and administration departments and other associated costs. Full disclosure of directors' emoluments is included in note 12 of these financial statements. Clyde Materials Handling Limited has a service agreement with Clyde Blowers Limited, which includes rent for the use of Clyde Materials Handling Group property. Amounts included in the income statement and balance sheet for the current period is as follows:

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Services provided to Clyde Blowers Ltd	**40**	40
Services provided by Clyde Blowers Ltd	**647**	593

At 29 February 2008 the Clyde Process Solutions Group owed Clyde Blowers Ltd £69,875 (2007 £nil).

Clyde-WorleyParsons Pte Ltd, a joint venture company that is 50% owned by the Group, had outstanding a loan balance owing to the Group of £16,223 at 29 February 2008 (2007 £11,784). Interest of £1,894 (2007 £1,452) was charged on the loan during the year. See note 29 for further details of the Clyde-WorleyParsons joint venture.

36. Business Combinations

On the 17th April 2007 the Company purchased the entire share capital of MAC Equipment Holdings Ltd (formerly Pony Bidco Ltd) a holding company for MAC Equipment Inc. The consideration of £99 was solely for the share capital of MAC Equipment Holdings Ltd. The timescale required by the competitive bid process imposed by the financial seller of MAC Equipment Inc was incompatible with the requirements of the AIM rules to obtain shareholder approval and funding. As a result the deal was completed through MAC Equipment Holdings Ltd. MAC Equipment Inc is wholly owned by MAC Equipment Holdings Ltd and was acquired by it on 12 February 2007 for a value of $76.5m plus fees payable to professional advisors and the Bank of Scotland, bringing the total enterprise value, then acquired by CPS, to $84.5m. MAC Equipment Holdings Ltd put in place interim financing for the acquisition of MAC Equipment Inc consisting of bank loans amounting to £43m.

MAC Equipment Holdings Ltd was purchased by Clyde Process Solutions plc for £99 on 17th April 2007. The re-financing of the £43m bank loans was financed through a mixture of long-term debt and funds raised via a share placing on the AIM market. The share placing raised £23m by means of issuing 21,904,762 new Ordinary Shares at a price of 105 pence per share. This share issue reflected a one for fifty share consolidation that was approved at an EGM of the company on 16 April 2007.

The company acquired net liabilities at book value of £35.988m (including the opening bank loan of £43.143m). The net assets and liabilities of the acquired business have been fair valued in accordance with IFRS 3, resulting in a net liability of £24.053m, creating goodwill of £24.053m.

Details of net assets acquired and goodwill are as follows:

	Book values of MAC Group £'000	Fair value of MAC Group £'000
Non-current assets:		
Intangible assets		
Order backlog		325
Trademarks		11,351
Patents		397
Engineering drawings		2,592
Customer relationships		1,726
Computer software	616	616
	616	17,007
Property, plant & equipment	3,548	6,165
Deferred tax	762	986
	4,926	24,158
Current assets:		
Inventories	2,969	3,212
Cash & cash equivalents	2,357	2,357
Other current assets	7,344	7,344
	12,670	12,913
Non current liabilities:		
Bank loans	(42,122)	(42,122)
Deferred tax	-	(7,540)
Other non current liabilities	(27)	(27)
	(42,149)	(49,689)
Current liabilities:		
Bank loans	(1,021)	(1,021)
Other current liabilities	(10,414)	(10,414)
	(11,435)	(11,435)
Net liabilities acquired	(35,988)	(24,053)
Consideration (£99)	-	-
Goodwill acquired	35,988	24,053

The book values shown above do not include the fair valuation adjustments to assets and liabilities that took place at 12 February 2007 on the acquisition of MAC Equipment Inc by MAC Equipment Holdings Ltd.

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise as after acquisition into the Group.

From the date of acquisition to 29 February 2008, the acquired business contributed external revenues of £40.917m, operating profit before fair value adjustments of £4.795m and profit before fair value adjustments but after finance costs of £2.296m. If the acquisition had occurred on 1 March 2007, on a pro-forma un-audited basis, the acquired business would have contributed £46.679m to group revenue, operating profit before fair value adjustments of £5.509m and profit before fair value adjustments but after finance costs of £2.566m. Details of fair value adjustments are given in note 6 of these financial statements.

37. Events after the balance sheet date

There are no significant post balance sheet events.

38. Substantial shareholders

As at the date of the signing of the accounts, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital pursuant to Part VI of the Companies Act 1985.

	Number of ordinary shares	Percentage of issued share capital
Atorka Holding B.V	9,591,429	29.81
Invesco Limited	3,917,000	12.17
Jim McColl	3,355,500	10.43
Standard Life Investments	1,934,000	6.01
Pershing Keen Nominees Limited	1,782,791	5.54
BlackRock	2,811,789	10.29
Alex Stewart	1,269,467	3.95
Martin Currie Investment Management	1,097,500	3.41

39. Principal subsidiary and joint venture undertakings

Shares marked with * are directly held by Clyde Process Solutions plc. All other subsidiary undertakings are indirectly held by Clyde Process Solutions. The remaining 10% in Clyde Materials Handling Sistemas do Brasil Ltda is held by an employee of the subsidiary.

	Class of shares	Proportions of voting rights & shares held	Country of registration / incorporation	Nature of Business
Clyde Materials Handling Ltd*	Ordinary	100%	Scotland	Materials Handling
Clyde Materials Handling Inc	Ordinary	100%	USA	Materials Handling
Clyde Materials Handling Sistemas do Brasil Ltda	Ordinary	90%	Brazil	Materials Handling
CMH Holdings Ltd	Ordinary	100%	Scotland	Intermediate Holding Company
Clyde Materials Handling (China) Ltd	Ordinary	100%	Scotland	Intermediate Holding Company
Clyde Blowers Pension Trustees Ltd	Ordinary	100%	England	Corporate Trustee
Clyde Materials Handling Technology (Beijing) Co. Ltd	Ordinary	100%	China	Materials Handling
Clyde WorleyParsons Pte Ltd	Ordinary	50%	Singapore	Materials Handling
MAC Equipment Holdings Ltd*	Ordinary	100%	Scotland	Intermediate Holding Company
MAC Equipment Inc	Ordinary	100%	USA	Materials Handling & Filtration
Pneu Real Estate Inc	Ordinary	100%	USA	Real Estate
CPS Finance Ltd*	Ordinary	100%	England	Group Finance

40. Earnings before interest, tax, depreciation & amortisation

The earnings before interest, tax, depreciation & amortisation ("EBITDA") as referred to in the Chairman's and Chief Executive's Statement is calculated as follows:

	Note	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Operating profit		**5,214**	1,899
Less share of joint venture losses		**(5)**	(4)
Plus depreciation	18	**486**	74
Plus amortisation	17	**535**	109
Plus inventory fair value write off	6	**237**	-
EBITDA		**6,467**	2,078

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CLYDE PROCESS SOLUTIONS PLC (COMPANY)

We have audited the parent company financial statements of Clyde Process Solutions plc for the year ended 29 February 2008 which comprise the Balance Sheet and the related notes. These parent company 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 having been audited.

We have reported separately on the group financial statements of Clyde Process Solutions plc for the year ended 29 February 2008.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements.

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

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 and Chief Executive's Statement and the Operating and Financial Review. 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 parent company financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments 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 parent company 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.

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 29 February 2008;
- 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 parent company financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow

5 June 2008

Notes:

(a) The maintenance and integrity of the Clyde Process Solutions plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPANY BALANCE SHEET
AT 29 FEBRUARY 2008

	Note	29 February 2008 £'000	28 February 2007 £'000
ASSETS			
Fixed assets			
Investment in subsidiary undertakings	4	**33,321**	18,889
Group loans	5	**5,127**	-
		38,448	18,889
Current assets			
Debtors	6	**707**	291
Cash at bank and in hand		**496**	111
		1,203	402
Total assets		**39,651**	19,291
LIABILITIES			
Creditors: amounts falling due within one year	7	**(318)**	(410)
Net current assets/(liabilities)		**885**	(8)
Total assets less current liabilities		**39,333**	18,881
Creditors: amounts falling due after more than one year		**-**	-
Net Assets		**39,333**	18,881
CAPITAL AND RESERVES			
Share capital	9	**8,044**	2,568
Share premium account	8	**18,377**	2,898
Earn out shares	8	**8,202**	9,500
Merger reserve	8	**4,302**	4,302
Profit and loss reserve	8	**408**	(387)
Total shareholders' funds		**39,333**	18,881

The accompanying notes are an integral part of these balance sheets.

Alexander Stewart

Alexander Stewart
Director

5 June 2008

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2008

1. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 1985. As permitted by that Act, the separate financial statements have been prepared in accordance with United Kingdom Applicable Accounting Standards. No profit and loss account is presented as permitted by section 230 of the Companies Act 1985. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

a) **Investments**

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

b) **Cash flow**

The Company has taken advantage of the exemptions in FRS 1 and has not prepared a cash flow statement as the cashflows of the Company are incorporated within the Group cash flow statement.

c) **Related parties**

The Company has taken advantage of the exemptions in FRS 8 not to disclose transactions with related parties.

d) **Recognised gains or losses**

The Company has no recognised gains or losses other than its profit or loss for the respective financial periods. The profit for the year to 29 February 2008 was £795,000 (2007: loss of £234,000).

2. Employee costs

The company has no employees. Employee services in relation to the Chairman, Chief Executive Officer, executive and non-executive directors, marketing, legal, finance and administrative personnel are charged to the company by subsidiary and related party companies. Employee costs charged to the income statement during the year totalled £244,430 (2007: £140,800 for the 7 months post reverse acquisition).

3. Auditors' Remuneration

During the year the company obtained the following services from the auditors at costs, as analysed below:

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Audit of the company and group consolidated financial statements	**39**	25
Fees payable to the company auditor for other services:		
Review of interim consolidated financial statements	**29**	23
Tax services	**32**	6
Other services pursuant to legislation	**8**	-
Deal fees*	**155**	97

*Deal fees relate to the reporting accountants work in relation to the acquisition of MAC during the year and fees in relation to the issue of new equity share capital to finance the acquisition. Deal fees in the prior period relate to the reverse acquisition of Clyde Process Solutions plc.

4. Investments in subsidiary undertakings

	Investment in Subsidiary £'000
At 1 March 2006	-
Transfer from unlisted investments	850
Investment during the year	18,039
At 28 February 2007	18,889
At 1 March 2007	18,889
Earn-out adjustment (note 8)	(1,298)
Increased investment in MAC Equipment Holdings Ltd	15,730
At 29 February 2008	**33,321**

5. Group loans

The Company loaned CPS Finance Ltd £5.127m during the year. CPS Finance Ltd is a wholly owned subsidiary company. The loan is repayable in full on 31 March 2013.

6. Debtors

	29 February 2008 £'000	28 February 2007 £'000
Prepayments and accrued income	**44**	2
Amounts due from subsidiary undertakings	**648**	-
VAT recoverable	**15**	289
	707	291

7. Creditors: amounts falling due within one year

	29 February 2008 £'000	28 February 2007 £'000
Trade creditors	**143**	68
Accruals and deferred income	**33**	42
Due to subsidiary undertakings	**12**	300
Corporation tax	**130**	-
	318	410

8. Reconciliation of movements in shareholders' funds

	Equity share capital £'000	Share premium account £'000	Earn-out shares £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2006	520	1,236	-	-	(153)	1,603
New shares issued in the year by Clyde Process Solutions plc	2,048	-	-	-	-	2,048
Premium on issue of ordinary share capital	-	1,662	-	-	-	1,662
Shares due on achievement of earn-out	-	-	9,500	-	-	9,500
Merger reserve arising on shares issued to acquire Clyde Materials Handling Ltd	-	-	-	4,302	-	4,302
Loss attributable to shareholders	-	-	-	-	(234)	(234)
Balance at 28 February 2007	2,568	2,898	9,500	4,302	(387)	18,881
Balance at 1 March 2007	2,568	2,898	9,500	4,302	(387)	18,881
New shares issued in the year	5,476	-	-	-	-	5,476
Premium on issue of ordinary share capital	-	15,479	-	-	-	15,479
Amendment to earn-out shares*	-	-	(1,298)	-	-	(1,298)
Profit attributable to shareholders	-	-	-	-	795	795
Balance at 29 February 2008	**8,044**	**18,377**	**8,202**	**4,302**	**408**	**39,333**

*Part of the consideration for the reverse acquisition of Clyde Materials Handling Ltd ("CMH") on 21 July 2006 was in the form of earn-out shares. As explained in the shareholders circular dated 27 June 2006 the earn out shares payable under CMH's acquisition agreement in July 2006 will be issued dependent on the cumulative level of EBITDA of CMH for the 24 months ending 29 February 2008. The acquisition agreement stated that for every £1 that CMH's cumulative EBITDA for the 24 months ending 29 February 2008 exceeded £1m, 2.67 earn out shares would be issued, subject to a maximum of 9.5m earn out shares.

CMH EBITDA for the 12 months ended 29 February 2008 was £1.810m. Cumulative EBITDA for CMH for the 24 months ended 29 February 2008 is £4.072m. Based on the acquisition agreement, it is anticipated that a total of 8.202m earn out shares will be issued for nil further consideration.

9. Share capital

	29 February 2008 £'000	28 February 2007 £'000
Authorised		
50,000,000 ordinary shares of £0.25 each (2007: 1,500,000,000 at £0.005 each)	**12,500**	7,500
Allotted, called up and fully paid		
32,174,762 ordinary shares of £0.25 each (2007: 513,500,000 at £0.005 each)	**8,044**	2,568

On 17 April 2007 21,904,762 new ordinary shares were issued. The nominal value of each share was £0.25 and the market issue price was £1.05. The proceeds of the issue generated additional share capital of £5.476m and additional share premium of £15.479m after deduction of issue costs. Prior to the share issue, the existing ordinary shares were consolidated into new ordinary shares on the basis of one new ordinary share for every 50 existing ordinary shares.

Share Warrants

Share warrants exercisable at any time up to 16 March 2008 and outstanding at the balance sheet date have now lapsed without exercise.

10. Principal subsidiary and joint venture undertakings

Shares marked with * are directly held by Clyde Process Solutions plc. All other subsidiary undertakings are indirectly held by Clyde Process Solutions. The remaining 10% in Clyde Materials Handling Sistemas do Brasil Ltda is held by an employee of the subsidiary.

	Class of shares	Proportions of voting rights & shares held	Country of registration / incorporation	Nature of Business
Clyde Materials Handling Ltd*	Ordinary	100%	Scotland	Materials Handling
Clyde Materials Handling Inc	Ordinary	100%	USA	Materials Handling
Clyde Materials Handling Sistemas do Brasil Ltda	Ordinary	90%	Brazil	Materials Handling
CMH Holdings Ltd	Ordinary	100%	Scotland	Intermediate Holding Company
Clyde Materials Handling (China) Ltd	Ordinary	100%	Scotland	Intermediate Holding Company
Clyde Blowers Pension Trustees Ltd	Ordinary	100%	England	Corporate Trustee
Clyde Materials Handling Technology (Beijing) Co. Ltd	Ordinary	100%	China	Materials Handling
Clyde WorleyParsons Pte Ltd	Ordinary	50%	Singapore	Materials Handling
MAC Equipment Holdings Ltd*	Ordinary	100%	Scotland	Intermediate Holding Company
MAC Equipment Inc	Ordinary	100%	USA	Materials Handling & Filtration
Pneu Real Estate Inc	Ordinary	100%	USA	Real Estate
CPS Finance Ltd*	Ordinary	100%	England	Group Finance

CLYDE PROCESS SOLUTIONS PLC

(Company No: 05341832)

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of the above named Company (the "Company") will be held at 1 Redwood Crescent, East Kilbride, G74 5PA on 24 July 2008 at 10.00 a.m for the purpose of transacting the following business and such other ordinary business as may be properly transacted at the Annual General Meeting:-

ORDINARY BUSINESS

To consider and, if thought fit, pass resolutions 1 to 7 which will be proposed as ordinary resolutions.

1. To receive the Accounts of the Company as at 29 February 2008 and the Reports of the Directors and Auditors thereon.
2. To re-elect Alexander Stewart as a Director of the Company.
3. To re-elect Dr Geir A Gunnlaugsson as a Director of the Company.
4. To re-elect Ian Lee as a Director of the Company.
5. To re-appoint Messrs PricewaterhouseCoopers as auditors.
6. To authorise the Directors of the Company to set the auditor's remuneration.
7. Save in respect of the Earn Out Shares (as defined in the readmission document relating to the Company dated 23 March 2007), to declare a final dividend of 1.05 pence per ordinary share.

SPECIAL BUSINESS

To consider and, if thought fit, pass resolutions 8 and 9 which will be proposed as special resolutions:

8. THAT

8.1 the authorised share capital of the Company be and is hereby increased from £12,500,000 to £15,000,000 by the creation of an additional 10,000,000 new ordinary shares of 25p each, each having the same rights in all respects to the existing ordinary shares of 25p each in the capital of the Company;

8.2 the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £3,364,725 provided that this authority is for a period expiring five years from the date of this resolution but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused;

8.3 the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) pursuant to the authority given in accordance with section 80 of the Act referred to in paragraph 8.2 of this resolution, as if subsection 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities or the transfer of equity securities which are held in treasury:

8.3.1 in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the directors, to holders of ordinary shares and such other equity securities of the Company as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever);

8.3.2 pursuant to the terms of any share option scheme adopted by the Company and any shares acquired or held by the Company in treasury may be transferred in satisfaction of the exercise of options under any such share option scheme; or

8.3.3 (otherwise than pursuant to sub-paragraph 8.3.1 and 8.3.2 above) up to an aggregate nominal amount of £1,009,417;

and shall expire at the conclusion of the Annual General Meeting of the Company in 2009, or, if earlier, on the date falling 15 months after the date of the passing of this resolution, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements and all authorities previously conferred under section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

9. To adopt as the new Articles of Association of the Company, the articles of association enclosed with this notice and for the purposes of identification, signed by the Chairman.

by Order of the Board

Shauna M Powell
Secretary

5 June 2008

Registered Office:
Carolina Court
Lakeside
Doncaster
South Yorkshire
DN4 5RA

NOTES:

1. Voting
All shareholders who wish to attend and vote at the meeting must be entered on the Company's register of members no later than 6.00pm on 22 July 2008 or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

2. Proxy
Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and to speak and to vote on their behalf. A proxy need not be a member of the Company. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Proxies may vote on a poll or on a show of hands on any resolution. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Shareholders are invited to complete and return the enclosed Proxy Form. Completion of the Proxy Form will not prevent a shareholder from attending and voting at the meeting if subsequently he/she finds they are able to do so. To be valid, completed Proxy Forms must be received at the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 10.00 am on 22 July 2008 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting.

3. CREST Proxy Voting Service
To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RO33 by 10.00 am on 22 July 2008 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company's registrars no later than 10.00 am on 22 July 2008 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting.

4. Corporate shareholders

In order to facilitate by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.

5. CREST

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of Ordinary Shares registered in the register of members of the Company at 6.00 pm on 22 July 2008 shall be entitled to attend and vote at the annual general meeting in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 6.00 pm on 22 July 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

6. Service Contracts

Copies of the directors' service contracts will be available for inspection at the Registered Office of the Company during normal business hours, from the date of this notice until the date of the meeting, and at the place of the meeting for a period of 15 minutes prior to the meeting and during the continuance thereof.

7. Information Rights

Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

OUR THANKS TO ALL OUR STAFF WHO HELPED DRIVE OUR PERFORMANCE IN FY08

DOUGLAS W. ABERLE MARIO ALCANTARA MARTIN M. ALCANTARA MICHAEL D. ALTHOUSE MARY P. ANGERS WALTER B. APPEL JEREMY E. APT IGNACIO ARELLANO GEORGE ARMSTRONG HARVEY G. ATTAWAY RENATO AVANZO DENLESCHI JORJE BANDA KEITH BANKS ALAN BARNARD WILLIAM T. BARNETT ANN M. BARRETT DAVID S. BAUMAN ANDREW BAUMGARTNER FREDERICK P BECKERS CHRISTOPHER BELCHER JIM BELL J.T. RICHARD D. BENZ TODD E. BERGER LINDA I. BERKLEY SCOTT A. BILLINGS WALTER BIRD JACK E. BLANTON BOB D. BLEFKO LAURA E. BLEVINS SUSAN M. BLOOM NICHOLAS R BOECKMAN JAMES R. BOEHMER ALESSANDRA BORTOLETTO MORENGHI DAVID BOTT STEVEN BOWMAR GARY M. BOWSER DUSTIN E. BOYD JONATHAN C BRADBURY MAURO BRAJÃO PAULO BREVIGLIERI FONSECA MELVYN BRIDGES KELLIE S. BROCKHOFF MICHAEL BROOKES DANIEL P. BROWN GERALD R. BROWN GARY BROWN ROSS W. BRUCE BIANCA BUENO TOLEDO CLAY W. BURNS FRANK D. BURRIS JEFF BUXTON CARLOS M. CABALLERO LUIS A. CABALLERO KEATON K. CALLS-HIM DONALD I. CAMBLIN IVAN CARDENAS JOSE L. CARDENAS JUAN B. CARDENAS RODRIGO CARDENAS MICHAEL R. CARLSON KENT S. CAROLAN HAROLD L. CARR STUART M. CARRICO JAMES D. CARROLL GARY CARTWRIGHT AARON C. CAUGHEY SISIFREDO CHAVEZ BARRY CHEN VIVIEN CHEN MARTIN CHISHOLM AMANDA CLARKE JOHN CLARKSON KENNETH COATES LEAH M. COCHENOUR JOHN R. COCHRAN ALLEN L. COLE MARK COLEMAN AARON M. COLLIER DEANN M. COMPO ELOY CONTRERAS DAVID M. COOTS BRANDON M. COWLEY PENNY E. CRAIG DALE A. CRAWSHAW BRENNAN J. CRIBBS JORGE M. CRUZ MARTIN A. CUEVAS RYAN M. CURTIS FU DAN DAVID A. DAVIDSON DAVID DAVIES RUTH DAVIES DAVID L. DAVIS JERRY A. DAVIS SCOTT A. DAVIS EDUARDO DE PAULA LUO DEMIN EDNILSON DENLESCHI CHAD M. DENNIS DEREK G. DETERS DUSTIN D. DETERS ERVIN M. DETERS GERARDO J. DIAZ DANIEL J. DICKINSON KEITH DICKINSON KASSANDRA DINWIDDIE JUDITH A. DOMANN THIAGO DOMINGOS FABRO DO REGO IAN DOWLMAN SHAUN DOWNS TYLER S. DRANEY RONALD D. DROGE ADAM F. DUBOSE DWIGHT J. EDELMAN RONNIE J. EDELMAN RICHARD EDOUARD MUHLBERGER CLARE EDWARDS NATHAN R. EGBERT RICHARD ELLIS PHILLIP A. EMMONS JUAN M. ENRIQUEZ LAZARO R. ESPINOZA ARISTIDES EUCEDA KEITH EVASON ERIC FANG BRYAN C. FELDMANN CHEN FENGDONG HAMILTON FERARE ANDRÉ FERNANDES YAMASHITA TRAVIS D. FERRIS BRANDON FETHERKILE SAMANTHA FINDLAY LILLIAN FU MARTIN FURLONG JAROD R. GARBER JORGE A. GARCIA-PAZ NEIL GARDINER DANIEL J. GELLER RODRIGO GIACOMETTI RAMOS NICHOLAS E. GIEFER MIKE GOBLE MARK A. GODSEY KATHERINE GONZALEZ DINO B. GOODPASTURE ALAN GREAVES JOHN H. GRIFFIN JEFFREY J. GUENTHER GEIR GUNNLAUGSSON DU HAIPING A COLIN R HALL JOHN HALL DAVID HALLIDAY DAVID M. HAMMES BRETT A. HARRINGTON PAULA K. HARRISON TONY P. HART BRANDON S. HARTLEY DEVIN W. HARTLEY GARY L. HARTLEY CHARLOTTE A. HARTTER TYRAN L. HARTTER DANIEL M. HARTUNG CLYDE D. HASVOLD JOSHUA R. HAVERKAMP RAPHAEL E HAVERKAMP RANDALL D. HAWKS RICHARD HEDGECOCK RUSSELL A. HEINEN TERRY B. HEINEN CEDRIC C. HEINIGER NATHAN J. HEMMAN KATHY J. HENDRICKS WANG HENGZHOU GLEN F. HENRY MICHAEL L. HERBSTER MAX A. HERMESCH ERNEST HERRERA MARK B. HERRMANN GLENN P. HICKS KENNETH HILDEBRAND PETE M. HILL PATRICIA HIRST KELSEY M. HOFFMAN WILLIAM L HOLBROOKS EMMA HOLDCROFT QUINCY G. HOLLOTER JACKIE D. HOLT WANG HONGTAO GORDON T. HOOPER HOLLIS W. HOWARD BOB HU STEVE J. HUBER GREG L. HUFFSTETLER YU HUIBO RICHARD B. HUNDLEY ROBERT J HUNINGHAKE STEVEN HUTCHINSON JONATHAN IBALL DAVID INGHAM ANITA A. INGLIS CLARENCE J. INNIS JOHN D. JACKMAN KIMBERLY A. JACKMAN MICHAEL R. JACOBSON NEIL JECKELL DANA JELIC CHARLES L. JESSIP RICHARD A. JESSIP LUCY JIA CHEN JINCHENG TOBIAS P. JOCHUM THOMAS E. JOHANSEN ALAN JOHNSON ANTONIO JOSE BORGES WALDEMAR JOSE SINISCALCO DANIEL JOSEPH ANDERSON JEREMY C. KEARNEY STEVEN L. KESLER ALAN D. KEY MICHAEL J. KING PAUL KITCHEN JEFFREY A. KNOCH O'DETTA L. KOCH GARY D. KOTAS DAVID C. KRACHT RYAN J. KREJCI DOUGLAS J. KUNIK JACK LAN SNEZANA LANGE RYAN P. LANTER STEPHEN D. LARSON JEREMY D. LAWRENCE BILL D. LEE IAN LEE JOSHUA C. LEE MIKE T. LEE TOBIAS E. LEE DANNY L. LEEPER CHRIS M. LEHMKUHL LARRY K. LEHMKUHL CARL LEWIS JOE LI HARRISON LI ADAM W. LINCK LORI A. LIONBERGER DENNIS LIU LISA LIU NATHAN LIU THOMAS D. LOCK JAMES L. LOHMANN COLIN K. LOVELACE MATTHEW LOWDERMILK CHARLES P. LUDLOW CONNIE R. LUKERT JENNIFER LUMLEY ANTHONY LUSCOMBE AMANDA MAIA ALVES CAROLYN S. MANNING MICHAEL MARRIOTT LINDA K. MARTIN THOMAS L. MARTIN CATHERINE M MARTINE VICTOR MARTINEZ TATE A. MAXWELL JIM MCCOLL JAMES A. MCCLOUD MERRILL J. MCCOY JAMES A. MCGRAW WILLIAM D. MCGUIRE CORY MCHALE WAYLAND K. MEISTER DAVID MELIA CHARLES L. MELLOWAY JOSE MENDEZ-HERNANDEZ KARRI S. MERRITT ALAN J. MEYER GARY L. MEYER GAYLE A. MEYER LARRY D. MEYER MARK A. MEYER RONNIE MEYERS ANDREW L. MILLER DANIEL F. MILLER DRUE T. MILLER LANA K. MILSTEAD DAMIAN J. MIRRIONE RONALD J. MOELLER GAVIN MONEY ANDREW D. MONSON ROBERTO MONTEMAYOR JAMES N. MONTGOMERY LINDA S. MONTGOMERY MARTHA K MONTGOMERY GUADALUPE MONTOYA CHRIS J. MOONEY ANDREW MOORE DEREK M. MOREY JOHN MORRIS KEITH MORTIMER VINCENT MUNROE MOH'D Z. MURAYAN MARK A. NAGELY JOEL J. NAVARRETE DOMINIC F. NEWBOLD RICHARD E. NEWBOLT KEVIN B. NEWTH MICHAEL NEWTON CUONG T. NGUYEN JEFF J. NIEHUES GEOFF NORCLIFFE MICHAEL OBERRIEDER MIKE D. OLBERDING STEVEN ORCHARD DAVID G. OSTERHAUS JARED M. OSTERHAUS APOLONIO B. OSTIGIN LIBORIO A. PADILLA DAVID PARKER AJAY K. PARSAI MARK PATCHETT JOSÉ PAULO JORGE SHUG PENG ALEXANDRE PEREIRA DA SILVA JULIANA PEREZ MINH D. PHAM RODGER E. PHILLIPS GARY PICKERING WAYNE PICKETT CLARE PILCHER LI PING TIM PLATT DENISE L. PLATTNER KATHLEEN M. POEHLER MARTI L. POHL SHAUNA POWELL ETIENNE E. PREHODA ERIC G. PRITZ RICK L. PRUDEN JAMIE PURCELL KENNETH A. PYLE BLACK QIAN KIRK M. RASTORFER ADAM P. RAYNE JOHN P. REBANT JEANNIE RETHMAN RONALD L. RETHMAN JOSÉ RICARDO CHICA JERRY C. RICE DAVID L. RIESCHICK LORI S. RILINGER MERY A. RINCON MARK ROBINSON JIM RODGERS ELIAS RODRIGUEZ CURTIS R. ROHR GARY R. ROKEY GELACIO A. ROMERO ROB RONNEBAUM PETER ROPER CAROLINE ROSE CHRISTINE ROSENBERGER DONALD K. ROSS PAUL ROUNTHWAITE MICHAEL L. ROWELL JOSE E. RUIZ PETER D. RUMPIT RICHARD A. RUSCHE HARRY SADLER RICHARD SAGAR JULIA SALISBURY DARRIN E. SCHAWANG JEFFREY L. SCHMIDT THOMAS J. SCHNABEL MATTHEW O. SCHOLL ANDREW P SCHONACHER DARYL A. SCHOOLER TIMOTHY SCHULTEJANS DANIEL L. SCHUSTER NICHOLAS B. SCOTT JOHN SCOTT JOSHUA S. SELLAND JOHN SELLERS JACOB I. SHAFER KEVIN R. SHELLHORN EDDY L. SHERWOOD GEORGE W. SHEWEY DAVID SHILLING ADAM M. SHIRLEY BORIS SHMURAK JAMES F. SHOPTEESE ERIC T. SHUMAKER DOUG A. SIBOLD RICHARD SIMS MANOS SKALIDAKIS CHARLES R. SMITH RICHARD A. SMITH VICTORIA M. SMITH LOUISE SMITH BRIAN SNOWDON DANIEL J. SNYDER JEFFREY J. SNYDER ARTURO SOLIZ HIRAM A. SOLIZ RICHARD SONG EARL E. SOWERS TIMOTHY L. SPARKS RICHARD O. SPORS DAVID L. STAHL ERIC D. STAHL CAROLYN K. STALCUP CHADWICK STALLBAUMER JOE STALLBAUMER ZOE STANGER RAY STANLEY ALEX STEWART MICHAEL R. STEVENS SALLY STOCKS DARVIN S. STONE LARRY G. STRAHM VANCE R. STRAHM TIMOTHY D STRATHMAN JUDY K. SUMMERS BENJAMIN P. SWAGMAN DAVID C. SWIFT LEROY A. SWOGGER PETER SYKES JOHN G. TANGEMAN STEVE L. TAYLOR PAUL TAYLOR EDWINA TAYLOR BRUCE D. TEETER JOEL J. TEMPLETON JAMIE L. THIMSON DARREN THOMAS IAN THOMPSON JONATHAN O. THORN TONY TIAN KEVIN TIDMARSH TROY D. TINKLIN ADRIAN M. TORRES DEBRA L. TORREY IOLA C. TOWNSEND CHARLES R. TRIPP FRANCISCO TURCIOS JUAN C. TURCIOS RICHARD TURNER JOHN R. UHL PRISCILA VALVERDE LOUZADA STEVEN L. VOLLMER JEREMY J. WAGGONER AMANDA WALKER HELEN WALKER SANDRA WALKER TERRELL W. WALLER ALICE WANG KELLY WANG MICHELLE WANG DIANE L. WARD NICK WARD ASHLEY M. WATERS STEVEN WATT SUSAN M. WEAST JASON J. WEBER RUSSELL J. WEISHAAR DEBRA J. WENGER RICHARD W. WHITE D J. WICKHAM DENISE M. WILCOX BETTY C. WILLIAMS DONNIE R. WILLIAMS JOHN K. WILLIAMS LEAMAN E. WILLIAMS PAUL WILLIAMSON JEFFREY J. WILSON JERRY J. WILSON KEVIN J. WILTZ JASON D. WOOD CECIL WOODING RONNETTE L WORTHLEY PETER WRIGHT BRIAN WRIGHT LEIEN XIAO TANG XIN GREG XU SIMON YAN STEPHEN YANG HENRY YANG YU YANG STUART YATES MICHAEL T. YUNGHANS ABEL G. ZAVALA JESSIE ZHANG TRACY ZHAO DAVID ZHAO LIU ZHENYU MU ZHONGCHENG MA ZHUANG OWEN R. ZINKE

FSC
Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. TT-COC-002242
© 1996 Forest Stewardship Council

DESIGN & PRODUCTION BY SMITH BRANDS
WWW.SMITHBRANDS.COM

Clyde Process Solutions plc
Carolina Court
Lakeside
Doncaster DN4 5RA

Tel: +44 (0)1302 321 313
Fax: +44 (0)1302 554 400

www.clydeprocesssolutions.com

MARKET DRIVEN | CUSTOMER FOCUSED | INNOVATIVE SOLUTIONS