Registration number 5254883

NEXUS INDUSTRIES HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Hazlewoods LLP
Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

NEXUS INDUSTRIES HOLDINGS LIMITED

CONTENTS

NEXUS INDUSTRIES HOLDINGS LIMITED

COMPANY INFORMATION

Directors	I Pritchard J Hornby M Hall G Brand
Company secretary	J Hornby
Registered office	Stafford Park 1 Telford Shropshire TF3 3BD
Solicitors	Squire, Sanders & Dempsey (UK) LLP 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR
Auditors	Hazlewoods LLP Windsor House Barnett Way Barnwood Gloucester GL4 3RT

The directors present their report and the consolidated financial statements for the year ended 31 December 2011

Directors of the company

The directors who held office during the year were as follows

I Pritchard

J Hornby - Company secretary and director

M Hall

G Brand

Principal activity and review of the business

The Group is involved in the design, development and distribution of electrical and associated products The Group's principal trading subsidiaries are Masterplug Limited and BG Electrical Limited

The results of the Group show a pre-tax loss of £49,396 (2010 pre-tax profit of £98,942) The directors do not recommend the payment of a dividend

The future outlook of the Group is integrated with those of its two principal subsidiaries, Masterplug Limited and BG Electrical Limited, for whom the directors expect the external commercial environment to remain competitive The directors, however, remain confident that the Group will be able to improve its current level of performance

From the perspective of the Company, the principal risks and uncertainties are integrated with those of its principal trading subsidiaries These are considered to be the strength of the UK economy, customer stability, product availability, employee retention, commodity prices (in particular copper) and exchange rates (principally the strength of Sterling against the US dollar and Chinese Renminbi)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

The Group operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Group's activities As part of its strategy the Group uses derivative financial instruments Derivative instruments are not entered into for speculative purposes

The Group's principal financial instruments, other than derivatives, are cash, overdrafts and loans The main purpose of these instruments is to raise finance for the Group's operations In addition, the Group has various other financial assets and liabilities, such as trade receivables and trade payables, arising directly from operations

Liquidity risk

The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating and growth needs of the business

Interest rate risk

The Group is exposed to cash flow interest rate risk on floating rate bank loans and overdrafts The Group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates and the economic environment

Foreign currency risk

The Group's principal foreign currency exposure arises from the purchase of overseas sourced products Group policy allows for these exposures to be hedged using spot, forward and option contracts

Employment of disabled persons

The Group's policy is to recruit disabled workers for those vacancies they are able to fill All necessary assistance with initial training courses is given Once employed, a career plan is developed so as to ensure suitable opportunites for each disabled person Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

Employee involvement

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests Information of matters of concern to employees is given through bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Hazlewoods LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board on 5/4/12 and signed on its behalf by

I Pritchard
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXUS INDUSTRIES HOLDINGS LIMITED

We have audited the financial statements of Nexus Industries Holdings Limited for the year ended 31 December 2011, set out on pages 7 to 29 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NEXUS INDUSTRIES HOLDINGS LIMITED

, ... *CONTINUED*

Matters on which we are required to report by exception

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

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

Paul Fussell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

Date 5/4/12

NEXUS INDUSTRIES HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £ 000	2010 £ 000
Turnover	2	52,438	53,312
Cost of sales		(38,682)	(39,242)
Gross profit		13,756	14,070
Distribution costs		(4,198)	(4,405)
Administrative expenses – normal		(6,039)	(5,879)
Administrative expenses – exceptional	4	-	(375)
Amortisation of goodwill		(797)	(797)
Operating profit	3	2,722	2,614
Earnings before interest, tax, depreciation, amortisation and exceptional items		4,331	4,536
Interest payable and similar charges	7	(2,772)	(2,515)
(Loss)/profit on ordinary activities before taxation		(50)	99
Tax on (loss)/profit on ordinary activities	8	(2)	(124)
Loss for the financial year	17	(52)	(25)

Turnover and operating profit derive wholly from continuing operations

NEXUS INDUSTRIES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £ 000	2010 £ 000
Loss for the financial year		(52)	(25)
Foreign currency translation differences		80	(77)
Total recognised gains and losses relating to the year		28	(102)

NEXUS INDUSTRIES HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Intangible fixed assets	9	10,500	11,290
Tangible fixed assets	10	9,792	6,364
		20,292	17,654
Current assets			
Stocks	12	12,259	9,995
Debtors	13	12,812	9,832
		25,071	19,827
Creditors Amounts falling due within one year	14	(36,370)	(27,494)
Net current liabilities		(11,299)	(7,667)
Total assets less current liabilities		8,993	9,987
Creditors Amounts falling due after more than one year	15	(14,580)	(15,602)
Net liabilities		(5,587)	(5,615)
Capital and reserves			
Called up share capital	16	70	70
Share premium account	17	450	450
Revaluation reserve	17	816	816
Profit and loss account	17	(9,290)	(9,318)
Shareholders' deficit	19	(7,954)	(7,982)
Minority interest		2,367	2,367
Capital employed		(5,587)	(5,615)

Approved by the Board and authorised for issue on 5/4/12 and signed on its behalf by

I Pritchard

I Pritchard
Director

NEXUS INDUSTRIES HOLDINGS LIMITED

(REGISTRATION NUMBER 5254883)

BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Investments	11	50	50
Current assets			
Debtors	13	470	470
Net assets		520	520
Capital and reserves			
Called up share capital	16	70	70
Share premium account	17	450	450
Shareholders' funds	19	520	520

Approved by the Board and authorised for issue on 5/4/12 and signed on its behalf by

I Pritchard

I Pritchard
Director

Cash flow statement

	Note	2011 £ 000	2010 £ 000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		2,722	2,614
Depreciation, amortisation and impairment charges		1,609	1,547
Loss on disposal of fixed assets		27	2
Increase in stocks		(2,264)	(2,933)
Increase in debtors		(2,777)	(1,765)
Increase in creditors		2,885	2,194
Net cash inflow from operating activities		2,202	1,659
Returns on investments and servicing of finance			
HP and finance lease interest		(40)	(25)
Interest paid		(1,082)	(1,149)
		(1,122)	(1,174)
Tax paid		(219)	(211)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(26)	(54)
Purchase of tangible fixed assets		(3,841)	(1,961)
Sale of tangible fixed assets		-	6
		(3,867)	(2,009)
Net cash outflow before management of liquid resources and financing		(3,006)	(1,735)
Financing			
Repayment of loans and borrowings		(2,677)	(2,043)
Repayment of capital element of finance leases and HP contracts		(186)	(95)
Advances		1,395	-
		(1,468)	(2,138)
Decrease in cash	23	(4,474)	(3,873)

1 Accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

Basis of consolidation
The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2011 Subsidiary undertakings are included using the acquisition method of accounting Under this method the Group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the Group in the case of disposals of subsidiaries The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006 Its profit for the financial year was £nil (2010 - £nil)

Going concern
The Group meets its working capital requirements using an overdraft, invoice discounting facility, import loans and letters of credit The financial facilities of all Group companies are largely interdependant on each other due to the existence of intra group borrowings, cross guarantees and charges given against all Group indebtedness

The nature of the Group's business is such that there can be considerable variation in the timing of cash flows The directors have prepared detailed financial forecasts for a period not less than 12 months from the date of their approval of these statements

On the basis of the Group's forecasts and on the assumption that

1) shareholders, most notably EPIC Investments LLP, will continue to provide financial support (as they have done in the period to date and have indicated an intention to continue to do so),

2) existing preference shares and banking facilities will be renewed on no less favourable terms than the Group's existing facilities,

3) Chinese currency loans of approximately £2 9 million, which fall due for repayment during 2012, will be financed on no less favourable terms, and

4) loan repayments falling due to the holders of various loan notes will not be paid under the terms of an inter-creditor deed with the Group's bankers,

the directors believe that the Group will have sufficient financial resources, despite being in a net liability position, to enable them to continue trading for the foreseeable future and therefore consider it appropriate to continue to apply the going concern basis of accounting

Turnover
Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Goodwill
Acquired goodwill, including that attributable to the acquisition of subsidiary and associated undertakings, is capitalised and is written off over a period of 20 years This period is considered by the directors to be its useful economic life

Patents
Patents are valued at cost less accumulated amortisation Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives The directors consider this period to be 10 years

Depreciation
Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Plant & machinery	10-40% of cost per annum
Fixtures, fittings & equipment	10-33% of cost per annum
Long leasehold property	On a straight line basis over the lease term (50 years)
Short leasehold property improvements	Over the term of the lease (10 years)
Tooling	10-40% of cost per annum
Motor vehicles	25% of cost per annum

Research and development
Research and development is written off in the year in which it is incurred

Fixed asset investments
Fixed asset investments are stated at cost less provision for diminuation in value

Stock
Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred tax
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currency
Company
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the assets Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction, or at the contracted rate if the transaction is covered by a forward exchange contract All revaluation differences and realised foreign exchange differences are taken to the profit and loss account

Group
The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date The exchange differences arising on the retranslation of opening net assets is taken directly to reserves All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken to reserves together with the exchange difference on the net investment in these enterprises Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves

Hire purchase and leasing
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives The capital elements of future obligations under the leases are included as liabilities in the balance sheet The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives The capital element of future finance payments is included within creditors Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

Pensions
The Group operates a defined contribution pension scheme Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme

2 Turnover

An analysis of turnover by geographical location is given below

	2011 £ 000	2010 £ 000
UK	44,428	47,754
Europe	1,541	761
Rest of world	6,469	4,797
	52,438	53,312

3 Operating profit

Operating profit is stated after charging

	2011 £ 000	2010 £ 000
Operating leases - plant and machinery	56	69
Operating leases - other assets	529	571
Foreign currency gains	(13)	(69)
Loss on sale of tangible fixed assets	27	2
Depreciation of owned assets	793	735
Amortisation	816	812
Auditors' remuneration (company £1,500, 2010 £1,500)	55	55
Remuneration of auditors for non-audit work		
- Taxation (company £4,725, 2010 £4,725)	23	23
- Company secretarial	5	5

4 Exceptional items

	2011 £ 000	2010 £ 000
Exceptional administrative expenses	-	375

During the prior year, the Group incurred exceptional restructuring charges as it rationalised sites within the UK Exceptional costs primarily relate to redundancies, dilapidations and other site related closure costs

5 Particulars of employees

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

	2011 No	2010 No.
Management and administration	140	118
Manufacturing, selling and distribution	476	254
	616	372

The aggregate payroll costs were as follows

	2011 £ 000	2010 £ 000
Wages and salaries	5,447	4,670
Social security costs	371	379
Staff pensions	111	80
	5,929	5,129

6 Directors' remuneration

The directors' remuneration for the year was as follows

	2011 £ 000	2010 £ 000
Remuneration	230	257
Company contributions paid to money purchase schemes	52	31

7 Interest payable and similar charges

	2011 £ 000	2010 £ 000
Interest on bank borrowings and trade facilities	866	779
Other interest payable	1,749	1,564
Loan arrangement fee	46	76
Finance costs attributable to preference shares classified as debt	71	71
Finance lease interest	40	25
Group interest payable and similar charges	2,772	2,515

8 Taxation

Tax on (loss)/profit on ordinary activities

	2011 £ 000	2010 £ 000
Current tax		
Corporation tax charge	205	214
Deferred tax		
Origination and reversal of timing differences	(203)	(90)
Total tax on (loss)/profit on ordinary activities	2	124

Factors affecting current tax charge for the year

Tax on (loss)/profit on ordinary activities for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26 5% (2010 - 28%)

The differences are reconciled below

	2011 £ 000	2010 £ 000
(Loss)/profit on ordinary activities before taxation	(50)	99
Corporation tax at standard rate	(13)	28
Depreciation in excess of capital allowances	97	-
Preference share finance costs not deductible	19	187
Goodwill amortisation not deductible	211	223
Provisions disallowable for tax purposes	(20)	-
Interest expense relievable when paid	229	-
Non deductible expenses	28	67
Non taxable profits in overseas subsidiaries	(199)	(251)
Losses carried forward	113	-
Utilised tax losses	(260)	(41)
Gains on retranslation of intercompany balances	-	1
Total current tax	205	214

Factors that may affect future tax charges

At 31 December 2011 the Group had estimated tax losses of £1,951,526 (2010 - £2,508,335) available to carry forward against future trading profits Of this amount £1,845,242 (2010 £1,525,560) related to unpaid finance costs relievable against future taxable trading profits of that company only at the point at which these are paid These losses have not been recognised as a deferred tax asset because in the directors' opinion the criteria for recognition specified in Financial Reporting Standard 19 were not met

9 Intangible fixed assets

Group

	Goodwill £ 000	Patents £ 000	Total £ 000
Cost			
At 1 January 2011	15,947	169	16,116
Additions	-	26	26
At 31 December 2011	15,947	195	16,142
Amortisation			
At 1 January 2011	4,784	42	4,826
Charge for the year	797	19	816
At 31 December 2011	5,581	61	5,642
Net book value			
At 31 December 2011	10,366	134	10,500
At 31 December 2010	11,163	127	11,290

10 Tangible fixed assets

Group

	Land and buildings £ 000	Plant and machinery £ 000	Fixtures and fittings £ 000	Motor vehicles £ 000	Tooling £ 000	Total £ 000
Cost or valuation						
At 1 January 2011	4,704	1,655	1,075	64	2,839	10,337
Exchange rate differences	208	(1)	-	-	-	207
Additions	2,109	1,424	294	66	185	4,078
Disposals	(20)	(49)	(33)	(51)	-	(153)
At 31 December 2011	7,001	3,029	1,336	79	3,024	14,469
Depreciation						
At 1 January 2011	310	529	869	55	2,210	3,973
Exchange rate differences	11	26	-	-	-	37
Charge for the year	125	306	126	13	223	793
Eliminated on disposals	(18)	(24)	(33)	(51)	-	(126)
At 31 December 2011	428	837	962	17	2,433	4,677
Net book value						
At 31 December 2011	6,573	2,192	374	62	591	9,792
At 31 December 2010	4,394	1,126	206	9	629	6,364

Hire purchase agreements
Included within the total net book value of tangible fixed assets is £230,298 (2010 £102,303) in respect of assets held under finance leases and simliar hire purchase contracts Depreciation for the year on these assets was £94,275 (2010 £86,403)

Land and buildings
The net book value of land and building includes

	2011	2010
	£ 000	£ 000
Long leasehold	6,415	4,246
Short leasehold	158	148
	6,573	4,394

Historic cost
Long leasehold land was revalued on an open market basis on 27 November 2009 by Debenham Tie Leung Limited at RMB 36,000,000 (approximately £3 6m)

If the long leasehold land and buildings were stated at historical cost, the amounts would be - cost £6,396,575 (2010 £4,276,940), and depreciation £331,361 (2010 £221,520)

11 Investments held as fixed assets

Company

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 January 2011	50	50
At 31 December 2011	50	50
Net book value		
At 31 December 2011	50	50

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

The company holds 100% of the share capital of the following companies, whose principal activities for the relevant tax period were as follows

Nexus Industries Limited - Intermediate Holding Company
Masterplug Limited - Electrical accessories importer and distributor
BG Electrical Limited - Electrical accessories importer and distributor
Nexus Electrical (Jiaxing) Limited - Manufacturing Company
Masterplug International Trading (Shanghai) Co Limited - Administrative and development office

Arlen Electrical Limited - Dormant
BG Electrical Accessories Limited - Dormant
BG Electrical Holdings Limited - Dormant
British General Manufacturing Co Limited - Dormant
Masterplug Holdings Limited - Dormant
Nexus Industries (Hong Kong) Limited - Dormant
Permaplug Limited - Dormant

Nexus Industries Limited is the only company which is owned directly All of the other companies are owned and controlled by virtue of the Company's holding in Nexus Industries Limited

With the exception of Masterplug International Trading (Shanghai) Co Limited and Nexus Electrical (Jiaxing) Limited, which are incorporated in China, and Nexus Industries (Hong Kong) Limited, which is incorporated in Hong Kong, all of the above companies are incorporated in England & Wales

12 Stocks

	Group		Company	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Stocks	12,259	9,995	-	-

13 Debtors

	Group		Company	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Trade debtors	11,110	8,079	-	-
Amounts owed by group undertakings	-	-	470	470
Other debtors	10	423	-	-
Deferred tax	412	209	-	-
Prepayments and accrued income	1,280	1,121	-	-
	12,812	9,832	470	470

Deferred tax

The movement in the deferred tax asset in the year is as follows

	Group £ 000	Company £ 000
At 1 January 2011	209	-
Deferred tax credited to the profit and loss account	203	-
At 31 December 2011	412	-

Analysis of deferred tax

Group

	2011 £ 000	2010 £ 000
Decelerated capital allowances	402	209
Other timing differences	10	-
	412	209

14 Creditors: Amounts falling due within one year

	Group		Company	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Trade creditors	10,360	7,182	-	-
Preference shares	1,144	1,073	-	-
Bank loans and overdrafts	22,242	16,516	-	-
Other loans	971	712	-	-
Obligations under finance lease and hire purchase contracts	82	112	-	-
Bills of exchange	-	33	-	-
Other taxes and social security	582	1,078	-	-
Other creditors	635	197	-	-
Accruals and deferred income	353	591	-	-
	36,370	27,494	-	-

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group Bank loans and overdrafts include funds advanced under invoice discounting arrangements from HSBC Finance (UK) Limited of £8,210,113 (2010 £5,872,075) and Industrial and Commercial Bank of China Ltd £2,619,317 (2010 £757,208) Amounts are secured by legal charges over the Group's book debts

Other loans comprise convertible loan notes of £682,207 (2010 £663,550), shareholder loans of £254,257 (2010 £nil) and other loans of £34,860 (2010 £48,840) Material director interests are disclosed in note 26 to these financial statements

Bills of exchange payable and bank loans are secured by way of a fixed and floating charge over the assets of the group

The preference shares carry a cumulative coupon dividend rate ("coupon") of 10% above LIBOR per annum and are redeemable on the earlier of a) a date on which an exit event (disposal or listing) occurs, or b) 30 June 2011 The redemption amount is equal to the aggregate of 1) the nominal value of the preference shares and, 2) the accrued coupon No redemption was made during the year

Preference shareholders are entitled to receive notice of and attend a general meeting of the Company, but not vote On return of capital on liquidation or capital reduction or otherwise (except in the case of the redemption of the preference shares), the surplus of the assets available for distribution shall be applied first in redeeming the preference shares and accrued coupon

In accordance with Financial Reporting Standard 25 ("FRS 25") "Financial Instruments - Disclosure and Presentation", the redeemable preference shares have been classified as debt, to reflect the economic substance of these instruments over their legal form as equity The liability at 31 December 2011 includes accrued dividends not paid of £470,252 (2010 £399,256) All preference shares are held by EPIC Investments LLP, a related party

15 Creditors. Amounts falling due after more than one year

	Group		Company	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Bank loans	2,000	3,500	-	-
Other loans	12,478	12,082	-	-
Obligations under finance lease and hire purchase contracts	102	20	-	-
	14,580	15,602	-	-

	Group		Company	
	2011	2010	2011	2010
Other loans comprise	£ 000	£ 000	£ 000	£ 000
£1,575,000 loan notes 2013 (" 'A' management loan notes")	105	147	-	-
£3,606,483 deep discounted bonds 2013 (series A)	3,315	3,454	-	-
£2,356,728 deep discounted bonds 2013 (series B)	2,748	2,490	-	-
£2,907,918 deep discounted bonds 2013 (series C)	3,366	3,064	-	-
Shareholder loans	2,944	2,927	-	-
	12,478	12,082	-	-

Bank loans in 2010 included £16,737 of loan arrangement fees that are being amortised to the profit and loss account over the term of the loan in accordance with Financial Reporting Standard 4 ("FRS 4") "Capital Instruments" Bank loans are secured by a fixed and floating charge over the assets of the Group

Series A, B and C 2013 deep discounted bonds are redeemable on 30 June 2013 and have an effective interest cost of 10% per annum Finance costs accrue monthly and are added to the principal sum Finance costs in relation to Series A 2013 DDB are serviceable at £125,000 per quarter, payable in arrears

Shareholder loans comprise amounts due to J Hornby and Mrs P Hornby The loans attract interest at 10% per annum which is rolled up and added to the principal loan balance Accrued unpaid interest falls due for payment on 30 June 2013 or, if earlier, the date on which the loan is repaid The loan falls due for repayment on 30 June 2013

'A' management loan notes are redeemable by a single instalment on 31 December 2014 Interest is payable at 10% per annum, payable quarterly in arrears If not paid, interest can be rolled up at the option of the Group until the earlier of 1) an exit route, or 2) loan repayment Unpaid interest is added to the principal loan balance and bears interest at 10% per annum The loan balance includes unpaid interest of £28,714 (2010 £67,801)

Various Group directors and shareholders have interests in the Group's "other loans" Material interests are disclosed in note 26 to these financial statements

Obligations under finance leases and HP contracts

Amounts repayable:

	Group		Company	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
In one year or less on demand	82	112	-	-
Between one and two years	102	20	-	-
	184	132	-	-

16 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£	No.	£
Ordinary shares of £0 10 each	697,368	69,737	697,368	69,737

17 Reserves

Group

	Share premium account £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2011	450	816	(9,318)	(8,052)
Loss for the year	-	-	(52)	(52)
Foreign currency translation gains	-	-	80	80
At 31 December 2011	450	816	(9,290)	(8,024)

Company

	Share premium account £ 000	Total £ 000
At 1 January 2011	450	450
At 31 December 2011	450	450

18 Minority interests

Minority interests reflect the premium effectively paid by the holders of the preference share capital issued by Nexus Industries Limited over their nominal value The preference shares are a compound financial instrument, the debt element being the amount redeemable which is reflected by the commercial rate of dividend payable on these shares The balance of the amount subscribed is refelected as equity in the subsidiary company, and therefore is shown as a minority interest in the consolidated balance sheet

19 Reconciliation of movement in shareholders' funds

Group

	2011 £ 000	2010 £ 000
Loss attributable to the members of the group	(52)	(25)
Other recognised gains and losses relating to the year	80	(77)
Net addition/(reduction) to shareholders' funds	28	(102)
Shareholders' deficit at 1 January	(7,982)	(7,880)
Shareholders' deficit at 31 December	(7,954)	(7,982)

Company

	2011 £ 000	2010 £ 000
Net addition/(reduction) to shareholders' funds	-	-
Shareholders' funds at 1 January	520	520
Shareholders' funds at 31 December	520	520

20 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £111,000 (2010 - £80,000)

Contributions totalling £nil (2010 - £nil) were payable to the scheme at the end of the year

21 Contingent liabilities

The Group's bankers have provided a group guarantee of £600,000 (2010 £600,000) to H M Revenue and Customs The liability is effectively included in the bank security, described in note 14, and hence represents a further secured creditor The bankers have also provided a guarantee in favour of Jebel Ali Free Zone Authority for AED 25,000 (2010 AED 25,000) with respect to the Group's branch in the United Arab Emirates

The Company has granted fixed and floating charges over its assets and undertakings to secure borrowings in other Group companies from HSBC Bank plc and EPIC Investments LLP, the details of which are set out in notes 14 and 15

22 Commitments

Capital commitments

Expenditure contracted for but not provided in the financial statements amounted to £nil (2010 £1,998,000)

In the prior year, the Group had contractural commitments of £1,862,809 for the completion of phase two of a China factory development The Group also had a contracted commitment of £134,977 for an enterprise resource planning system

Operating lease commitments

Group

As at 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £ 000	2010 £ 000
Land and buildings		
Within one year	46	39
Within two and five years	-	46
Over five years	366	366
	412	451
Other		
Within one year	14	1
Within two and five years	2	11
	16	12

23 Analysis of net debt

	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
	£ 000	£ 000	£ 000	£ 000
Net cash				
Bank overdrafts - (including invoice discounting advance)	(13,325)	(4,474)	(107)	(17,906)
	(13,325)	(4,474)	(107)	(17,906)
Bank debt				
UK Term loan	(4,984)	1,690	(190)	(3,484)
Chinese mortgage	(1,707)	(1,051)	(94)	(2,852)
	(6,691)	639	(284)	(6,336)
Shareholder debt				
- Loan arrangement fees	22	-	(22)	-
- Deep discount bonds 2013	(9,030)	500	(880)	(9,410)
- Shareholder's loans	(2,927)	30	(301)	(3,198)
- Preference shares	(1,073)	-	(71)	(1,144)
- Management loan notes 2014	(146)	55	(13)	(104)
- Convertible loan notes	(663)	45	(64)	(682)
Other loans	(49)	14	-	(35)
	(13,866)	644	(1,351)	(14,573)
Net obligations under hire purchase agreements	(133)	186	(237)	(184)
	(13,999)	830	(1,588)	(14,757)
Net debt	(34,015)	(3,005)	(1,979)	(38,999)

24 Reconciliation of net cash flow to movement in net debt

	2011	2010
	£ 000	£ 000
Decrease in cash in the year	(4,474)	(3,873)
Cash outflow from decrease in debt and finance lease financing	1,469	2,138
Other non cash changes	(1,872)	(1,355)
Currency translation differences	(107)	(142)
Movement in net debt in the year	(4,984)	(3,232)
Opening net debt	(34,015)	(30,783)
Closing net debt	(38,999)	(34,015)

25 Major non-cash transactions

Other non cash changes include

1) Currency translation differences £106,747

2) The provision for unpaid finance costs of £1,650,149

3) Loan arrangement fees, which are being amortised to the profit and loss account over the term of the finance lease agreement

26 Related party transactions

At 31 December 2011, the Group had the following liabilities owing to EPIC Investments LLP ("EPIC"), which holds 49 9% (2010 49 9%) of the Group's issued share capital

- Deep discounted bonds - £9,407,740 (2010 £9,029,792)
- Preference shares - £1,143,847 (2010 £1,072,851)

During the year interest and finance charges accrued on the above liabilities of £948,945 Interest payments of £500,000 were made in the year

During the year, the Group incurred monitoring and rechargeable expenses of £99,676 (2010 £100,000) from EPIC Private Equity LLP, advisor to EPIC Investments LLP

At 31 December 2011, the Company had the following liabilities owing to J Hornby, a director who holds 33 37% (2010 33%) of the parent company's issued share capital

- Shareholder loans - £3,198,546 (2010 £2,927,473)
- Convertible loan notes - £936,454 (2010 £663,550)

During the year interest accrued on the above liabilities of £360,525 Interest and capital payments of £325,055 were made in the year

Shareholder loans due to J Hornby, as detailed above and in note 14 to these financial statements includes £1,022,588 (2010 £401,588) due to Mrs P Hornby, J Hornby's wife

Further details to the terms of the loans referred are set out in notes 14 and 15 to these financial statements

In January 2012 EPIC Investments LLP advanced a loan to the Group of £500,000 which is repayable in less than one year

27 Control

There is no ultimate controlling party