

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

		Before non-recurring items and amortisation (see Note 10)	Non-recurring items and amortisation (see Note 10)	2011 £'000	2010 £'000
	Notes	2011 £'000	2011 £'000	2011 £'000	2010 £'000
Continuing operations					
Revenue	5	59,696	–	59,696	56,674
Cost of sales		(43,364)	–	(43,364)	(41,974)
Gross profit		16,332	–	16,332	14,700
Administrative expenses		(13,028)	–	(13,028)	(11,595)
- amortisation of intangible assets		–	(30)	(30)	(601)
- non-recurring expenses		–	(298)	(298)	–
Operating profit	6	3,304	(328)	2,976	2,504
Finance costs	8	(514)	–	(514)	(672)
Profit before tax		2,790	(328)	2,462	1,832
Income taxation charge	9	(868)	89	(779)	(1,095)
Profit for the year		1,922	(239)	1,683	737
Earnings per share (Pence)					
Basic earnings per ordinary share	11			1.1	0.5
Diluted earnings per ordinary share	11			1.0	0.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011 £'000	2010 £'000
Profit for the year	1,683	737
Other comprehensive income		
Cash flow hedges		
- gain arising during year	40	86
- related tax charge	(10)	(24)
	30	62
Total comprehensive income for the year	1,713	799

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2011

	Notes	2011 £'000	2010 £'000
Assets			
Non-current assets			
Goodwill	12	17,761	16,156
Other intangible assets	13	453	–
Property, plant and equipment	15	2,652	1,999
Trade and other receivables	18	1,001	1,001
		21,867	19,156
Current assets			
Inventories and work in progress	16	3,064	998
Trade and other receivables	18	17,305	12,774
Cash and cash equivalents		2,567	3,626
		22,936	17,398
Total assets		44,803	36,554
Liabilities			
Non-current liabilities			
Borrowings	20	4,038	4,777
Trade and other payables	23	1,001	1,001
Contingent consideration	21	109	–
Deferred tax liabilities	9	221	15
		5,369	5,793
Current liabilities			
Borrowings	20	3,793	3,117
Trade and other payables	23	10,864	8,114
Other financial liabilities	17	31	71
Contingent consideration	21	326	–
Current tax liabilities		749	506
		15,763	11,808
Total liabilities		21,132	17,601
Net assets		23,671	18,953
Equity			
Share capital	24	1,808	1,516
Share premium account		2,456	17,813
Equity reserve		721	464
Hedging reserve		(22)	(52)
Capital reserve		–	3,749
Other reserve		4,135	16,635
Retained earnings		14,573	(21,172)
Total equity		23,671	18,953

These financial statements for company registration number 5755897 were approved by the Board of Directors on 29 November 2011. Signed on behalf of the Board of Directors:

IAN JOHNSON
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Share capital £'000	Share premium £'000	Other reserve £'000	Equity reserve £'000	Hedging reserve £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
At 1 October 2009	5,265	17,813	16,635	334	(114)	–	(21,909)	18,024
Net profit for year	–	–	–	–	–	–	737	737
Other comprehensive income	–	–	–	–	62	–	–	62
Total comprehensive income for the year	–	–	–	–	62	–	737	799
Shares cancelled	(3,749)	–	–	–	–	3,749	–	–
Share based payment charge including tax	–	–	–	130	–	–	–	130
At 1 October 2010	1,516	17,813	16,635	464	(52)	3,749	(21,172)	18,953
Net profit for year	–	–	–	–	–	–	1,683	1,683
Other comprehensive income	–	–	–	–	30	–	–	30
Total comprehensive income for the year	–	–	–	–	30	–	1,683	1,713
Shares issued	292	2,456	–	–	–	–	–	2,748
Capital cancellation*	–	(17,813)	(12,500)	–	–	(3,749)	34,062	–
Share based payment charge	–	–	–	257	–	–	–	257
At 30 September 2011	1,808	2,456	4,135	721	(22)	–	14,573	23,671

* Following special resolutions of the Company which were confirmed by the High Court on 16 February 2011, the Company cancelled the share premium account and capital reserve and also cancelled £12.5m of deferred shares from the other reserve, which increased retained earnings by a total of £34.1m.

The Other Reserve is non-distributable and represents the remaining balance of the premiums arising on the issuance of certain warrants and of shares issued in order to acquire group companies. Further details are provided in Note 36.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2011 £'000	2010 £'000
Cash flows from operating activities			
Profit for the year		1,683	737
Income taxation charge	9	779	1,095
Finance costs	8	514	672
Amortisation of intangibles	13	30	601
Depreciation on property, plant and equipment	15	525	701
Profit on disposal of property, plant and equipment		(2)	(34)
Share based payments	26	257	130
Movements in working capital:			
- (Increase) / decrease in inventories		(2,066)	626
- Increase in trade and other receivables		(3,599)	-
- Increase / (decrease) in trade and other payables		2,114	(2,591)
Cash generated from operations		235	1,937
Income tax paid		(628)	(269)
Net cash (outflow) / inflow from operating activities		(393)	1,668
Cash flows from investing activities			
Purchase of property, plant and equipment		(656)	(363)
Proceeds from sale of property, plant and equipment		17	75
Acquisition of subsidiaries (net of cash acquired)		(1,348)	-
Net cash outflow from investing activities		(1,987)	(288)
Cash flows from financing activities			
Interest paid		(433)	(744)
Interest paid on finance leases		(6)	(1)
Payments for hire purchase contracts principals		(53)	(124)
Proceeds from bank loans		-	5,500
Repayments of bank loans		(930)	(6,450)
Proceeds from issue of equity shares (net)		2,198	-
Net cash inflow / (outflow) from financing activities		776	(1,819)
Net decrease in cash and cash equivalents		(1,604)	(439)
Cash and cash equivalents at the beginning of the year		1,286	1,725
Cash and cash equivalents at the end of the year		(318)	1,286
Cash and cash equivalents comprises:			
Cash at bank and in hand	19	2,567	3,626
Bank overdrafts	19	(2,885)	(2,340)
		(318)	1,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 GENERAL INFORMATION

Silverdell Plc is a company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is 14 Buckingham Street, London WC2N 6DF. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 34 to 38.

2 BASIS OF PREPARATION

The annual consolidated financial statements of the Group have been prepared in accordance with International Reporting Standards (IFRS) as adopted by the European Union (EU) (IFRS as adopted by the EU).

GOING CONCERN

Detailed cash flow forecasts are prepared and regularly reviewed by the Board to assess the Group's financial position. The current economic conditions do create some uncertainty and the Group's borrowings do fluctuate, but the continued planned actions on improving working capital management has enabled the repayment of £0.8m of debt during the year ended 30 September 2011. Further, the Group has a number of long term framework contracts with customers and suppliers across industries. As a consequence the Directors believe that the Group is well placed to manage its business risks successfully despite the current economic outlook. For further information on liquidity please refer to Note 22 and the Directors' Report.

After the balance sheet date, additional loan facilities were agreed with the bank and certain covenants relaxed. The Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. On these grounds the Board have continued to adopt the going concern basis for the preparation of the financial statements.

3.1 STANDARDS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for accounting periods beginning on or after 1 January 2013 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a

significant impact on the Group's financial statements, with the exception of IFRS 9 Financial Instruments which could change the presentation and classification of financial assets and liabilities. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

3.2 ACCOUNTING POLICIES BASIS OF ACCOUNTING

The consolidated financial information has been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The consolidated financial information has been prepared on the historical cost basis except for the revaluation of certain financial instruments measured at fair value. The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.