Energiser Investments plc Annual Report and Accounts 2009

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Annual Report and Accounts 2009

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Board of Directors and advisers

Non-executive Chairman
Simon Bennett

Executive Director
Nishith Malde

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00298654

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Nishith Malde

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Chairman's statement

The disposal of our investment portfolio and the settlement of the Billam AG loan note have left the balance sheet in a much improved position.

Summary of the Chairman's statement/

> We used the share price strength of Physiomics to sell the vast majority of our holding.

> As at 31 December 2009 the Company had net assets of £255,000 (2008: net liabilities of £399,000).

Background
The Board of Energiser Investments plc ("Energiser" or "the Company") announces its results for the year ended 31 December 2009.

In my report to shareholders which accompanied the Company's results for the six months ended 30 June 2009, I commented on the severe impact that the collapse of Lehman Brothers had on the world's equity markets. I was, at the time, of the view that the worst was probably behind us but cautioned that there would be some bumps along the road as policy makers looked to start planning a way back to financial equilibrium.

The markets in recent weeks have been dominated by the results of the UK general election, where there has been no clear result, and events surrounding European sovereign debt. Equity markets in recent days have suffered some of their heaviest falls since 2008 with concerns that the problems in Greece will spill over into other European countries such as Spain, Portugal and Italy. The declining appetite for risk in the credit markets has driven the yields in US and German government debt to near record lows and many investors are concerned that without effective action by European governments the contagion stemming from the tragedy of Greece's economic position may not be contained.

The problem is now a political one and the markets have little faith in the ability of politicians to act in a co-ordinated way. On the one hand the package of €720bn of emergency funding put forward by the European Union ("EU") and the International Monetary Fund to stabilise the Euro zone, equivalent to five times the annual EU budget, was well received. On the other, the markets have been spooked by the foolhardy attempt by Angela Merkel, the German Chancellor, to try to ban the short selling of the Euro in Germany. At a time when the markets need unity, single, seemingly unco-ordinated actions such as this are to say the very least, surprising.

In the UK it is still early days for the Conservative – Liberal Democrat coalition government. Whilst the occupier market remains challenging as unemployment continues to grow, the UK commercial property market has lost most of its pariah status. The residential housing market at the end of 2009 showed some recovery and I am pleased to note that this has continued during the first quarter of 2010. That said, the market remains weak and the continued lack of available credit for first time and other house buyers remains a concern.

Markets, be they equity, debt or property, are driven by sentiment and there are considerable uncertainties at present. It would appear that the economic way forward will continue to be challenging.

Results
After a number of years of losses, I am pleased to be able to report a profit before taxation of £531,000 (2008: loss before taxation of £1,250,000) which represents something of a turnaround from the loss

of £147,000 I reported for the six months ended 30 June 2009. The primary reason for these improved results is the profits of £896,000 (2008: loss of £936,000) made from realising the majority of our investments, further details of which are set out below. The basic earnings per ordinary share from continuing operations amounts to 1.87p (2008: loss per ordinary share of 10.24p). As at 31 December 2009 the Company had net assets of £255,000 (2008: net liabilities of £399,000).

I am also pleased to report that since the year end we have settled the Company's loan note to Billam AG on favourable terms. Under the terms of this instrument Energiser would have been liable to repay this loan on 31 August 2013 for £397,146. This liability has now been settled by a one off payment of £100,000 in cash and as a consequence the Company's net assets have been improved by nearly £300,000.

Notwithstanding the profits realised this year, the Directors do not intend to recommend a dividend.

Development funding limited
As shareholders will be aware our development in Wellingborough, Northamptonshire comprises 29 new freehold houses in a courtyard style. The development is now substantially complete and to date, 9 houses have been sold, 19 have been rented out to tenants at commercial rents and the final unit will be complete in June 2010. We intend to continue to let these properties whilst the property market remains subdued.

The total cost of the development in aggregate is now £2,450,000 and this has been funded by loans from a commercial bank and another provided by Stephen Wicks, Energiser's largest shareholder who owns just over 61% of the Company's issued share capital. In December 2009 in consideration of Mr Wicks agreeing to certain changes to his loan, including increasing the annual rate of interest that Energiser pays for his loan to 4% above the Bank of England base rate, he agreed to convert a further £100,000 of this debt into ordinary shares in the Company, with the ordinary shares being valued at the then closing mid market price. At 31 December 2009 the amount outstanding to Mr Wicks was £454,000 (2008: loan of £920,000) and since the year end a further £335,000 has been repaid. The loan is secured by a debenture over the assets and whilst there is no formal agreement in place, the Directors have agreed with Mr Wicks that his outstanding loan will not be repayable for a minimum of twelve months, unless the Company is in a position to do so. Energiser continues to rely on the financial support of Mr Wicks, which is expected to continue for the foreseeable future, and his loan to the Company constitutes a related parties transaction under the AIM rules for companies. The Directors consider that, having consulted the Company's nominated adviser, that the terms of the facility are fair and reasonable insofar as the shareholders are concerned.

At 31 December 2009 we had one remaining significant investment in our portfolio, which I comment on below:

AIM listed investments
Physiomics plc ("Physiomics") is a computational systems biology services company which applies simulations of cell behaviour to drug development companies aimed at reducing the high attrition rates of clinical trials. The commercial rationale for Physiomics' services is that at present it is estimated that the cost of bringing a new drug to market is $800m and that 80 to 90% of all clinical drug candidates fail. There is increasing evidence that the major pharmaceutical companies are using more sophisticated technology to shorten the discovery process thereby reducing the overall cost associated with it.

In March 2010 Physiomics released its interim results for the six months ended 31 December 2009 which showed a loss before taxation of £123,000 (2008: profit of £1,000) on revenue of £117,000 (2008: £211,000). The board of Physiomics commented that a number of the large pharmaceutical companies were reducing their head counts by several thousand staff and that this had a negative impact on their research and development budgets and hence Physiomics' revenue.

In the last two months of 2009 the Physiomics share price, which had an average price of approximately 0.25p per ordinary share for the first ten months of the year, started to rise extremely quickly for reasons that were not evident to me. The shares reached a high of 1.23p per ordinary share in November. We used the share price strength to sell the vast majority of our holding in Physiomics and it is these sales that are primarily responsible for the £896,000 profit on investments that we made this year. During this period Physiomics also raised approximately £1,200,000 by issuing new shares that were sold onto other market participants.

In December 2009 we elected to convert a £50,000 loan note into ordinary shares in Physiomics at a price equivalent to 0.1p per ordinary share. The 50m shares we received from this conversion have been sold since the year end at a healthy profit.

As a result of these disposals and the sale of the small holding we had in Inland plc, we now no longer have any significant investments in our portfolio.

Outlook
The disposal of our investment portfolio and the settlement of the Billam AG loan note have left the balance sheet in a much improved position. Our principal investment is now in our property development in Wellingborough and unless conditions in the domestic UK housing market improve substantially, it is unlikely that the future results will match those for this financial year.

Simon Bennett
Chairman
7 June 2010

Directors

Simon Bennett
Non-executive Chairman (aged 52)
Mr Bennett has over 25 years' investment banking experience in the City. Mr Bennett qualified as a Chartered Accountant with Saffery Champness in 1977. In 1982 he joined stockbrokers Scrimgeour Kemp Gee which was subsequently acquired by Citicorp (now Citigroup) in 1986. Thereafter, Mr Bennett was instrumental in establishing the mid and small cap advisory business Citicorp Scrimgeour Vickers which was focused on fast growing mid and small cap companies. In June 1990, Mr Bennett joined Credit Lyonnais Securities and, following the defection of a team to a rival company, became Head of Corporate Finance and Head of the mid and small caps team in June 2000.

In June 2004 Mr Bennett left Credit Lyonnais, following its acquisition by Credit Argicole, and established Incremental Capital LLP to provide corporate finance advice to mid and small cap companies. In the latter part of 2005, Mr Bennett joined Baker Tilly as Managing Director of Baker Tilly and Co. Limited. He left the practice to concentrate full time on growing Citicourt and Co. Limited, an independent corporate finance advisory business, where he was the Managing Director and the majority shareholder. In late 2007 Mr Bennett joined Fairfax IS plc, the independent investment bank as Head of Corporate Broking. Mr Bennett is also Non-executive Director of Inland plc and a number of other private companies.

Nishith Malde FCA
Director (aged 52)
Mr Malde qualified as a Chartered Accountant in 1985 with KPMG and specialised in advising owner managed businesses. He left KPMG in 1989 to set up a consultancy firm which later merged with an audit practice where he was the partner responsible for the affairs of Country & Metropolitan plc. Mr Malde joined Country & Metropolitan plc as Finance Director and Company Secretary in November 1998. He was actively involved in the preparation for the flotation of Country & Metropolitan plc in December 1999 and its further development (which included acquisitions and disposals) until it was acquired by Gladedale Holdings plc in April 2005. He is also a Director of Inland plc which floated onto AIM in April 2007.

Report of the Directors

For the year ended 31 December 2009

The Directors have pleasure in submitting their report, together with the financial statements of the Group and Company for the year ended 31 December 2009.

Principal activity and business review
The Company is registered as a Public Limited Company. The Company's shares of 0.1p each are listed on the AIM, part of the London Stock Exchange.

The principal activity of the Group and Company is as an investment company investing in quoted and unquoted companies to achieve capital growth.

Results and dividends
The net profit of the Group for the year after taxation amounted to £531,000 (2008: loss of £1,250,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2009.

The net assets of the Group at 31 December 2009 totalled £255,000 (2008: net liabilities of £399,000). The net assets per ordinary share as at 31 December 2009 were 0.8p (2008: net liabilities per share of 1.4p).

A more detailed review of the activity and progress of the business including the portfolio of investments and the principal risks and uncertainties faced by the business (being the current economic climate and specifically the downturn in the housing market), is contained in the Chairman's Statement on pages 2 to 3.

As referred to above, the Group's principal activity is that of investing in quoted and unquoted companies to achieve capital growth. Accordingly, the main key performance indicators used by the business are:

- the underlying share price of the investments
  - Physiomics (2009: 0.57p, 2008: 0.15p);
- the returns on project finance (at the year end the only project, comprising the Wellingborough development, was substantially let out under operating leases); and
- the net assets position of the Group including net assets per share (2009: net assets per share of 0.8p; 2008: net liabilities per share of 1.4p).

Financial risk management objectives and policies
The Company's policy in respect of financial instruments and risk profile is set out in note 17 of the accounts.

Corporate governance and compliance
The Company is listed on AIM and accordingly compliance with the revised Combined Code on Corporate Governance is not mandatory. However, the Company is committed to applying the principles of corporate governance as applicable to a company of this size and nature. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance.

Directors
The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense.

The Board consists of one Executive Director and one Non-executive Director. The Non-executive Director is independent of management and any business or other relationship which could interfere with the exercise of his independent judgement. The Board considers that the level of shareholdings held by the Non-executive Director is insufficient to affect his independence.

The Board members are listed on page 1.

All Directors are subject to re-election every three years and at the first Annual General Meeting ("AGM") after appointment.

Directors' and officers' insurance
The Company has insurance for the Directors and officers of the Company and its subsidiaries in respect of liabilities incurred by them in the course of carrying out their duties or the exercise of their powers.

Relations with shareholders
The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore encourages shareholders to offer their views.

The AGM provides an opportunity for shareholders, particularly private investors, to question the Board on issues arising.

The notice convening the AGM is the notice of the meeting sent to shareholders with this report. A separate motion will be put to the meeting on each substantial issue.

Accountability and audit
The Board endeavours to present a balanced and understandable assessment of the Group's position and prospects in all reports as well as in the information required to be presented by statutory requirements.

Going concern
The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Report of the Directors, the liquidity of investments and the liquidity risk disclosed in note 17, funding provided by Mr S D Wicks as referred to in note 16 and the repayment of other loans as referred to in note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Internal control
The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing its effectiveness. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and accordingly even the most effective systems can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Assessment of business risk
The Board regularly reviews operating and strategic risks.

The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

> reports from management with review of the business at each Board meeting, focusing on any new decisions/risks arising

> reports on the performance of investments

> reports on selection criteria of new investments

> discussion with senior personnel

> consideration of reports prepared by third parties

Control procedures
Operational procedures have been developed for each of the Group's operating businesses that embody key controls over relevant areas. The implications of changes in law and regulations are taken into account by the Group.

The Board has considered the need for an internal audit function but has decided that this is not justified at present given the size of the Group. However, it will keep the decision under review on at least an annual basis.

Appointment of Directors
The Board deals with all matters relating to the appointment of Directors including determining the specification, identifying suitable candidates and selection of the appointee. No separate Nominations Committee has been formed.

Throughout the year the Articles of Association have required each Director to seek re-election after no more than three years in office. Therefore the Board considers it inappropriate that Non-executive Directors be appointed for a fixed term as recommended by the Code.

Policy for paying creditors
The Company's policy is to pay creditors in accordance with agreement reached with creditors. Trade creditors at the year end amount to 29 days (2008: 54 days) of average supplies.

Significant shareholdings
According to the Company's register of substantial shareholdings, at 2 June 2010 the following had notified the Company of their interest in 3% or more of the Company's issued ordinary share capital:

	Number of shares	%
S D Wicks	19,558,855	61.1
H Cramer	2,269,488	7.1
N Malde	1,935,464	6.0
A G P Forrest	1,257,558	3.9
W Weston	1,175,558	3.7

Directors and secretary
Simon Bennett will retire in accordance with the Articles of Association and, being eligible, offers himself for re-appointment.

Those Directors who held office during the year and their interests in shares of the Company which include beneficial and family interests are shown below:

	As at 31 December 2009 Ordinary shares of 0.1p	As at 31 December 2008 Ordinary shares of 0.1p
S Bennett	**750,000**	500,000
N Malde	**1,935,464**	1,935,464

The Directors had no other interests in the shares of the Company. There have been no changes in these interests between 31 December 2009 and 7 June 2010. All the above interests are beneficial.

Mr N Malde and Mr S Bennett each have a notice period of six months.

Details of Directors' remuneration and share options are shown in the Remuneration Report on page 34.

Taxation status
The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Directors' responsibilities for the financial statements
The Directors are responsible for preparing the Annual 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 prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and have elected to prepare Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and 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 then apply them consistently

> make judgements and estimates that are reasonable and prudent

> state whether applicable IFRS or UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

> there is no relevant audit information of which the Company's auditors are unaware; and

> the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Nishith Malde
Company Secretary
7 June 2010

Independent auditor's report to the members of Energiser Investments plc

On the Group financial statements

We have audited the financial statements of Energiser Investments plc for the year ended 31 December 2009 which comprise the Group income statement, the Group balance sheet, the Group statement of changes in equity, the Group statement of cash flows, the principle accounting policies and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group 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") Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the Group financial statements:

> give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its profit for the year then ended;

> have been properly prepared in accordance with IFRS as adopted by the European Union; and

> have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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:

> certain disclosures of Directors' remuneration specified by law are not made; or

> we have not received all the information and explanations for our audit.

Other matter
We have reported separately on the Company financial statements of Energiser Investments plc for the year ended 31 December 2009.

Paul Houghton
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
7 June 2010

Group income statement

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Continuing operations			
Change in fair value of investments	1 & 7	**896**	(936)
Other income		**84**	55
Administrative expenses		**(295)**	(514)
Operating profit/(loss)	2	**685**	(1,395)
Finance costs	3	**(154)**	(166)
Finance income	3	**—**	311
Profit/(loss) before taxation		**531**	(1,250)
Taxation	5	**—**	—
Profit/(loss) for the year attributable to shareholders of the Company		**531**	(1,250)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share from total and continuing operations	6	**1.87p**	(10.24)p

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group balance sheet

as at 31 December 2009

	Note	2009 £'000	2008 £'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss	7	**228**	266
Current assets			
Inventories	9	**2,393**	2,126
Trade and other receivables	10	**17**	245
Cash and cash equivalents		**270**	43
		2,680	2,414
Total assets		**2,908**	2,680
LIABILITIES			
Current liabilities			
Trade and other payables	11	**313**	405
Short-term borrowings	12	**2,007**	2,338
		2,320	2,743
Non-current liabilities			
Other payables	11	**—**	20
Long-term borrowings	12	**333**	316
		333	336
Total liabilities		**2,653**	3,079
Net assets/(liabilities)		**255**	(399)
EQUITY			
Share capital	13	**2,300**	2,296
Share premium account		**5,641**	5,538
Convertible loan		**88**	88
Merger reserve		**1,012**	1,012
Retained earnings		**(8,786)**	(9,333)
Total equity		**255**	(399)

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2010.

Simon Bennett
Chairman

Nishith Malde
Director

Company Number
00298654

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of changes in equity

For the year ended 31 December 2009

	Share capital £'000	Share premium account £'000	Convertible loan £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2008	2,279	5,423	88	1,012	(8,099)	703
Loss for the year	—	—	—	—	(1,250)	(1,250)
Total comprehensive income	—	—	—	—	(1,250)	(1,250)
Issue of equity	17	115	—	—	—	132
Share based compensation	—	—	—	—	16	16
Balance at 31 December 2008	2,296	5,538	88	1,012	(9,333)	(399)
Profit for the year	—	—	—	—	531	531
Total comprehensive income	—	—	—	—	531	531
Issue of equity	4	103	—	—	—	107
Share based compensation	—	—	—	—	16	16
Balance at 31 December 2009	**2,300**	**5,641**	**88**	**1,012**	**(8,786)**	**255**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of cash flows

For the year ended 31 December 2009

	2009 £'000	2008 £'000
Cash flows from operating activities		
Profit/(loss) before and after taxation	**531**	(1,250)
Adjustments for:		
Change in fair value of investments	**(896)**	936
Interest expense	**154**	166
Decrease/(increase) in loans, trade and other receivables	**228**	(310)
Decrease in trade payables	**(149)**	(69)
Interest received	**—**	(311)
Share option charge	**16**	16
Write down of inventories to net realisable value	**60**	381
Increase in inventories	**(327)**	—
Net cash used in operating activities	**(383)**	(441)
Cash flows from investing activities		
Purchase of investments	**(329)**	(155)
Proceeds from sale of investments	**1,263**	604
Net overdrafts acquired with subsidiary	**—**	(1,254)
Net cash generated from/(used in) investing activities	**934**	(805)
Cash flows from financing activities		
Proceeds from short-term borrowings	**269**	374
Re-payment of short-term borrowings	**(581)**	(335)
Interest paid	**(30)**	—
Net cash (used in)/generated from financing activities	**(342)**	39
Net increase/(decrease) in cash and cash equivalents	**209**	(1,207)
Cash and cash equivalents at beginning of period	**(1,211)**	(4)
Cash and cash equivalents at end of period	**(1,002)**	(1,211)

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Principal accounting policies

For the year ended 31 December 2009

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

Basis of accounting

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements have been prepared in accordance with the accounting policies set out below and International Financial Reporting Standards ("IFRSs") as adopted by the EU and that are effective at 31 December 2009.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements and except as described below, the same accounting policies, presentations and methods of computation are followed in this set of financial statements as were applied in the previous set of audited financial statements.

> IFRS 7 "Financial Instruments: Disclosures (amendment)" requires disclosure of fair value measurements by level.

> IFRS 8 "Operating Segments" requires financial information to be presented on the same basis as used for internal performance measurement. The segments are unchanged from those presented in the prior year.

The Company has adopted new accounting standards in the year as described above. As the impact (if any) of these changes has been presentational only and therefore has not affected comparative amounts, no third balance sheet (which would show the position as at 31 December 2007) has been included within these financial statements.

Other standards and interpretations which are effective for this financial period but are not currently relevant for the Company are IFRS 2 (amendment), IAS 23, IAS 32, IAS 39 and IFRICs 13 to 16.

Other standards and interpretations have been issued which will be effective for future reporting periods but have not been early adopted in these financial statements. These include amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 5, IAS 1, IAS 24, IAS 27, IAS 32, IAS 38, IAS 39, IFRIC 14, and the issue of IFRS 9, IFRIC 9, IFRIC 17, IFRIC 18 and IFRIC 19. These changes are not expected to have a material impact on the financial statements.

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Report of the Directors, the liquidity of investments and the liquidity risk disclosed in note 17, funding provided by Mr S D Wicks as referred to in note 16 and the repayment of other loans as referred to in note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2009. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. A gain on a bargain purchase is recognised immediately after acquisition in the income statement.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for the sale of properties, excluding VAT and discounts, and dividend income from investments. Revenue from the sale of properties is recognised when the title passes. Dividends are recognised on receipt.

Summary of significant accounting policies continued

Other income – rent receivable

Rent receivable (excluding VAT) is from third parties and is recognised on a straight line basis over the period of the lease.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Borrowing costs

IAS 23 Borrowing Costs (Amendment) has come into effect for accounting periods beginning on or after 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset, as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. No interest has been capitalised during the year as the qualification criteria of the asset were met before 1 January 2009 and all amounts were expensed.

Dividends

Dividends are recognised when the shareholders' right to receive payment is established.

Taxation

Current tax is the tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes land and all attributable construction costs.

Financial assets

Financial assets are divided into the following categories: loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Financial assets at fair value through profit or loss include financial assets that are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be reclassified subsequently.

Financial assets are designated as at fair value through profit or loss where they are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and certain other current assets are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Financial assets continued
Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

They are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires. When the obligation is extinguished by conversion to equity, a gain or loss is recognised in respect of the difference between the carrying value of the debt compared to the fair value of the shares issued.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity
Equity comprises the following:

> "Share capital" represents the nominal value of equity shares

> "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue

> "Convertible loan" comprises the equity element of a convertible loan

> "Retained earnings" represents retained profits

> "Merger reserve" represents the excess of the nominal value of shares issued in the acquisition of a subsidiary undertaking and the nominal value of those shares

Leased assets
In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The Group holds no such assets. All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Segment reporting
IFRS 8 "Operating Segments" became effective on 1 January 2009. The standard requires entities to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages.

In identifying its operating segments, management differentiates between investment activities and rental of its freehold and leasehold properties. These segments are based on the information reported to the chief operating decision maker. The rental segment utilises leasehold property not used in the investment activities and its freehold properties within inventories. The Group's result to date is substantially derived from the investment activities.

Principal accounting policies continued
For the year ended 31 December 2009

Capital management
The Group's objectives when managing capital are:

> to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

> to ensure sufficient liquid resources are available to meet the funding requirement of its investments and to fund new investments where identified.

This is achieved through ensuring sufficient bank and other facilities are in place and further details are given in note 17 to the accounts.

Critical judgements in applying the accounting policies
In the process of preparing the accounting policies, the Directors have applied critical judgements in adopting the going concern basis to the financial statements as more fully set out in the basis of preparation paragraph of these accounting policies.

The property development at Wellingborough has been classed as inventory. This is considered appropriate as these properties are intended for sale in the ordinary course of business and any incidental rental income only arises from short term leases.

Key sources of estimation uncertainty
Fair value of loans
The fair value of loans has been calculated in the absence of information for directly comparable instruments as no active market exists for such items. Accordingly the inputs to the valuation techniques and specifically the market related rate of interest rely on other sources of data including the Directors' knowledge of similar loans. The carrying value of loans and receivables at the year end was £Nil (2008: £Nil) and the carrying value of other loans included in borrowings was £1.068m (2008: £1.400m).

Notes to the Group financial statements
For the year ended 31 December 2009

1. Income and segmental analysis
The Group generates income by way of profits or losses on investments. It also generates rental and other related income from letting properties. These operating segments are monitored and strategic decisions made on the basis of segment operating results. The segmental analysis of operations is as follows:

Segmental analysis by activity

	2009 £'000	2008 £'000
Segment result		
Investment activities:		
Revenue	—	—
Change in fair value of investments	896	(936)
Administrative expenses	(115)	(132)
	781	(1,068)
Rental activities:		
Other income	84	55
Administrative expenses	(180)	(382)
	(96)	(327)
Operating profit/(loss)	685	(1,395)
Finance costs	(154)	(166)
Finance income	—	311
Profit/(loss) before tax	531	(1,250)

	2009 £'000	2008 £'000
Segment assets		
Investment activities:		
Non-current assets	228	266
Current assets	279	269
	507	535
Rental		
Current assets – inventory	2,393	2,126
Current assets – other	8	19
	2,401	2,145

The activity of both the investment activities and rental arose wholly in the United Kingdom.

2. Operating profit/(loss)

Operating profit is stated after charging

	2009 £'000	2008 £'000
Auditor's remuneration for:		
– audit of the Group's annual accounts	**15**	14
– audit of subsidiaries pursuant to legislation	**5**	5
– taxation services	**5**	5
– other services	**—**	2
Other operating lease rentals – land and buildings	**55**	67

3. Finance costs and finance income

	2009 £'000	2008 £'000
Finance costs		
Short-term loans	**62**	107
Notional interest on loans carried at amortised cost	**92**	59
	154	166
Finance income		
Interest on loans and receivables	**—**	49
Gain on conversion of loan to equity financial instruments	**—**	262
	—	311

4. Directors and employees

Staff costs during the year were as follows:

	2009 £'000	2008 £'000
Wages and salaries	**17**	122
Social security costs	**1**	7
Share based payment	**16**	16
	34	145

The Directors and employees of the Group waived £253,000 of remuneration in respect of the current and previous financial years.

The average number of employees (including Directors) of the Group was:

	2009 Number	2008 Number
Management of investments	**3**	3

Further details of individual Directors' remuneration, pension fund and share options are shown in the table on page 34.

5. Income tax expense
There is no tax credit/(charge) for either the current or prior years due to the generation of tax losses.

The current tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28.0%. The differences are explained as follows:

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before taxation	**531**	(1,250)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0%/28.5%	**149**	(356)
Effect of:		
Expenses not deductible for tax	**35**	19
Other differences	**(3)**	(48)
Capital losses arising	**—**	44
Unrealised (profits)/losses in investments not taxable	**(48)**	223
Realised profits on investments covered by capital losses	**(203)**	—
Tax losses arising	**70**	10
Unrecognised consolidation provision	**—**	108
Total tax charge	**—**	—

The Group has unrecognised deferred tax assets of £1,094,000 (2008: £876,000) as a result of losses carried forward of £3,908,000 (2008: £3,656,000).

6. Earnings per ordinary share
The earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the year of 28,401,625 ordinary shares of 0.1p (2008: 12,204,639 ordinary shares of 0.1p) and the following figures:

	2009 £'000	2008 £'000
Earnings/(loss) attributable to equity shareholders	**531**	(1,250)
Earnings/(loss) per ordinary share	**1.87p**	(10.24)p

Diluted earnings per share is taken as being equal to basic earnings per share as the inclusion of share options would reduce the loss per share and therefore the effect is anti-dilutive.

7. Investments

	2009 £'000	2008 £'000
Investments listed on a recognised investment exchange	**228**	217
Other unlisted investments	**—**	49
	228	266

Effective from 1 January 2009 the Group adopted the amendment to IFRS 7 regarding financial instruments that are measured in the balance sheet at fair value, this required the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

> Level 1: quoted prices in active market for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price on the last day of the financial year of the Group. These instruments are included in level 1 and comprise FTSE and AIM listed investments classified as held at fair value through profit and loss.

> Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group holds no such instruments in the current or prior year.

> Level 3: the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period (2008: none). The change in fair value for the current and previous year is recognised through profit or loss.

7. Investments continued

All items held at fair value through profit and loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss are summarised as follows:

	Level 1 Quoted equity investments £'000	Level 3 Unquoted equity investments £'000	Total quoted and unquoted £'000
Cost			
At 1 January 2008	574	4,902	5,476
Additions	155	—	155
Sales:			
– proceeds	(604)	—	(604)
– realised losses on sales	(155)	—	(155)
– transfer from unrealised appreciation/(depreciation)	408	—	408
At 31 December 2008	378	4,902	5,280
Unrealised appreciation/(depreciation)			
At 1 January 2008	451	(4,276)	(3,825)
Transfer to cost	(408)	—	(408)
Increase in unrealised depreciation	(204)	(577)	(781)
At 31 December 2008	(161)	(4,853)	(5,014)
Fair value			
At 31 December 2008	217	49	266
At 31 December 2007	1,025	626	1,651
Cost			
At 1 January 2009	378	4,902	5,280
Additions	325	4	329
Sales:			
– proceeds	(1,163)	(100)	(1,263)
– realised gains on sales	676	47	723
At 31 December 2009	**216**	**4,853**	**5,069**
Unrealised appreciation/(depreciation)			
At 1 January 2009	(161)	(4,853)	(5,014)
Increase in unrealised appreciation/(depreciation)	173	—	173
At 31 December 2009	**12**	**(4,853)**	**(4,841)**
Fair value			
At 31 December 2009	**228**	**—**	**228**
At 31 December 2008	217	49	266

	2009 £'000	2008 £'000
Net gains/(losses) on sales	**723**	(155)
Net increase/(decrease) in unrealised depreciation	**173**	(781)
Profit/(loss) on remeasurement to fair value of investments carried at fair value through profit or loss	**896**	(936)

At 31 December 2009, the Company held no significant holdings in the issued ordinary share capital in any company, other than in its subsidiary undertakings.

8. Subsidiary undertakings

At 31 December 2009 Energiser Investments plc held 50% or more of the equity of the following:

Company name	Country of registration	Principal activity	Holding	Class of shares
World Life Sciences Ltd	England	Dormant	100%	Ordinary
Urco Ltd	England	Dormant	100%	Ordinary
Development Funding Ltd	England	Development finance	100%	Ordinary
Gramm Partnership Housing Limited	England	Property development	100%	Ordinary

9. Inventories

	2009 £'000	2008 £'000
Freehold properties in the course of construction	**2,393**	2,126

The cost of inventories includes the cost of land and all attributable costs of construction and interest. The value of inventories is stated after a write down, shown as an expense in the period of £60,000. The inventory has been provided as security for the bank loan (see note 12).

10. Trade and other receivables

	2009 £'000	2008 £'000
Other debtors	**17**	245

11. Trade and other payables

	2009 £'000	2008 £'000
Current		
Trade creditors	**42**	176
Social security and other taxes	**41**	34
Other creditors and accruals	**230**	195
	313	405
Non-current		
Other creditors and accruals	**—**	20
	313	425

12. Borrowings

	2009 £'000	2008 £'000
Current		
Bank loan and overdraft	**1,272**	1,254
Other loans	**735**	1,084
	2,007	2,338
Non-current		
Other loans due to Billam AG	**333**	316
	2,340	2,654

On 12 March 2010 the Group settled its loan note instrument with Billam AG. Under the loan note instrument the Group would have been liable to repay £397,000 to Billam AG on 31 August 2013 and this liability has been settled for a one off payment of £100,000. Consequently, the Group's shareholders' funds have improved by £297,000.

13. Share capital

	2009 £'000	2008 £'000
Authorised		
46,000,000 (2008: 46,000,000) ordinary shares of 0.1p each	**46**	46
3,980,789,750 (2008: 3,980,789,750) deferred shares of 0.1p each	**3,981**	3,981
	4,027	4,027
Allotted, called up and fully paid		
32,037,956 (2008: 28,309,695) ordinary shares of 0.1p each	**32**	28
2,268,113,165 (2008: 2,268,113,165) deferred shares of 0.1p each	**2,268**	2,268
	2,300	2,296

Reconciliation of issued share capital

	Ordinary shares Number	Deferred shares Number
At 1 January 2009	28,309,695	2,268,113,165
Issue of shares	3,728,261	—
At 31 December 2009	**32,037,956**	**2,268,113,165**

On 22 December 2009 3,478,261 ordinary shares of 0.1p each were issued in consideration of the conversion of £100,000 of loans advanced to the Company by Mr S D Wicks. On that date a further 250,000 ordinary shares of 0.1p each were issued in consideration of unpaid fees to Mr S Bennett amounting to £7,187.50.

Deferred shares

The deferred shares have:

> no right to any dividend;

> the right to receive notice of any general meeting and to attend such meeting, but no right to vote there at; and

> the right on a winding up or other return of capital (after payment of the debts and liabilities of the Company and an amount equal to the amounts paid up, or credited as paid up, including any premium on the ordinary shares of the Company, together with any unpaid arrears of dividend declared on such shares) to an amount equal to the amounts paid up or credited as paid up on such deferred shares.

The Group operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The charge calculated up to 31 December 2009 is £16,000 (2008: £16,000). Volatility was assessed over the period since the shares were listed.

A reconciliation of option movements over the year ended 31 December 2009 is shown below:

	Number	Exercise price
Granted in the year	Nil	0.1p
Outstanding at 31 December 2009	**1,900,000**	
Exercisable at 31 December 2009	**—**	

At 31 December 2009 outstanding options granted over ordinary shares were as follows:

Share option scheme	Exercise price	Number	Dates exercisable
Company unapproved	20p	1,900,000	24 March 2010 to 23 March 2017

14. Retirement benefits

Defined contribution pension scheme

The Group operates a defined contribution scheme for the benefit of certain employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the Company. There were no contributions during the year (2008: £Nil).

15. Commitments under operating leases

There were total commitments under operating leases expiring as follows:

	2009 £'000	2008 £'000
Land and buildings		
Less than one year	—	43
Between one to two years	—	—
	—	43

16. Transactions with related parties

At 31 December 2008 there was an amount of £40,000 within creditors for remuneration not yet paid to a former Director, Mr A G P Forrest. This sum was payable in two equal instalments on 30 September 2009 and 30 September 2010. During the year Mr Forrest agreed to receive £30,000 as full and final settlement and no sums were outstanding to him at the year end.

During the year, a major shareholder, Mr S D Wicks, advanced monies to the Group and the amortised cost of the outstanding balance at the year end was £454,000. Interest accrued during the year at 1% above base rate amounted to £14,000 and this remained outstanding at the year end. Interest of £151,000 relating to previous years also remains outstanding at the year end. On 22 December 2009 Mr S D Wicks converted £100,000 of the loan into 3,478,261 shares at 2.875p (being the mid closing price on that date). The terms of the loan have been amended and the remaining outstanding loan will now carry an interest rate of 4% above the Bank of England base rate. The ability to convert any of this loan into ordinary shares has now been waived. The loan was secured by way of a debenture over the Company's assets. Whilst there are no formal terms of repayment, Mr S D Wicks has agreed not to seek repayment for a period of at least twelve months from the date of approval of these accounts unless the Group has funds to do so and to provide additional funding over this period to the extent it is required.

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both directors and shareholders, has advanced £281,000 to the Company during the year on an unsecured basis at 4% above base rates. Interest of £18,000 has been accrued and remains unpaid at the year end.

17. Financial instruments and risk profile

The Group's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations. The Group does not use derivative instruments. The Group is exposed to market risk through the use of financial instruments and specifically to liquidity risk, market price risk and credit risk, which result from the Group's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity risk

The Group invests in securities for the long term. Accordingly the Group rarely trades investments in the short term. However, listed investments are also sold to meet the Group's funding requirements as they are readily realisable to cash. However, the market in small capitalised companies can be illiquid. Accordingly the Directors monitor the market and make disposals as appropriate. Unlisted investments in the portfolio are subject to greater liquidity risk. This risk is taken into account by the Directors when arriving at the valuation of these assets.

Market price risk

The Group is exposed to market price risk as shown by movements in the value of its equity investments. These are regularly monitored by the Directors. A 10% movement in the share price of the listed investments would result in a £31,000 movement in the value of those investments.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	2009 £'000	2008 £'000
Trade and other receivables	**17**	245
Cash and cash equivalents	**270**	43
	287	288

The Directors consider that all the above financial assets are of reasonable quality. No amounts shown above are considered to be past due.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as below:

	2009 £'000	2008 £'000
Non-current assets		
Financial assets at fair value through profit and loss	**228**	266
Current assets		
Loans and receivables	**17**	245
Cash and cash equivalents	**270**	43
	287	288
Current liabilities		
Financial liabilities carried at amortised cost	**2,049**	2,514
Non-current liabilities		
Financial liabilities carried at amortised cost	**333**	336

The financial assets at fair value through profit and loss have been valued in accordance with the International Private Equity and Venture Capital Valuation guidelines. In the current year, these are determined by reference to quoted prices (2008: £217,000 valued on this basis).

There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

17. Financial instruments and risk profile continued

Interest rate risk profile of financial liabilities

	2009 £'000	2008 £'000
Floating rate financial liabilities	**2,007**	2,338
Financial liabilities on which no interest is paid	**646**	741
	2,653	3,079

The floating rate financial liabilities principally comprise loans as follows:

> bank loan which is secured against properties under construction with interest payable at 2.5% over base rate; and

> other loans with interest payable at 4% over base rate.

All financial assets and liabilities are denominated in Sterling.

Maturity profile of financial liabilities

The maturity profile of the Group's financial liabilities was as follows:

	2009 £'000	2008 £'000
In one year or less, or on demand		
Bank loan and overdraft	**1,272**	1,254
Other loans	**735**	1,148
Other creditors and accruals	**—**	20
	2,007	2,422
In more than one year but not more than two		
Other creditors and accruals	**—**	20
In more than three years		
Other loans due to Billam AG	**397**	397

18. Events after the balance sheet date

On 12 March 2010 the Group settled its loan note instrument with Billam AG. Under the loan note instrument the Group would have been liable to repay £397,000 to Billam AG on 31 August 2013 and this liability has been settled for a one off payment of £100,000. Consequently, the Group's shareholders' funds have improved by £297,000.

19. Company information

The Company is a public limited company registered in England and Wales. The registered office and principal place of business is 2 Anglo Office Park, 67 White Lion Road, Amersham, Buckinghamshire HP7 9FB.

Independent auditor's report to the members of Energiser Investments plc

On the Company financial statements

We have audited the parent company financial statements of Energiser Investments plc for the year ended 31 December 2009 which comprise the parent company balance sheet, the principal accounting policies and the related notes. 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 Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the parent company financial statements:

> give a true and fair view of the state of the Company's affairs as at 31 December 2009;

> 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

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;

> the parent company financial statements are not in agreement with the accounting records and returns;

> 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.

Other matter

We have reported separately on the Group financial statements of Energiser Investments plc for the year ended 31 December 2009.

Paul Houghton
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
7 June 2010

Company Balance sheet

At 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	3	**228**	266
Current assets			
Debtors	4	**1,523**	1,426
Cash at bank and in hand		**267**	34
		1,790	1,460
Creditors: amounts falling due within one year	5	**(1,009)**	(1,446)
Net current assets		**781**	14
Total assets less current liabilities		**1,009**	280
Creditors: amounts falling due after more than one year	6	**(397)**	(417)
Net assets/(liabilities)		**612**	(137)
Capital and reserves			
Called up share capital	7	**2,300**	2,296
Share premium account	8	**5,641**	5,538
Convertible loan	8	**88**	88
Revaluation reserve	8	**420**	247
Merger reserve	8	**1,012**	1,012
Profit and loss account	8	**(8,849)**	(9,318)
Shareholders' funds/(deficit)	9	**612**	(137)

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2010.

Simon Bennett
Chairman

Nishith Malde
Director

Company Number:
00298654

The accompanying accounting policies and notes form an integral part of these financial statements.

Principal accounting policies

For the year ended 31 December 2009

The principal accounting policies of the Company remain unchanged from the previous year, other than as noted below. The accounting policies of the Company are set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment assets. The accounts have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Report of the Directors, the liquidity of investments and the liquidity risk disclosed in note 17 of the consolidated financial statements, funding provided by Mr S D Wicks as referred to in note 11 and the repayment of other loans as referred to in note 12 of the consolidated financial statements. On this basis the Directors have a reasonable expectation that the funds available to the Company are sufficient to meet the requirements indicated by those forecasts.

Cash flow statements

The Company has taken advantage of the exemption to not include a cash flow statement within its financial statements.

Investments

Investments in subsidiaries are carried at cost less amounts written off.

Listed investments

Investments which are listed on a stock market such as AIM or similar markets are valued at their closing mid price.

Where listed investments are subject to restrictions on sale or the marketability of the holding is limited then a discount to the listed market price may be applied. Unrealised gains are transferred to the revaluation reserve.

Unlisted shares

Valuation methods used are either costs or where appropriate fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines.

In estimating fair value a valuation methodology is applied that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. The valuation methodology will consider:

> Price of recent investment

> Earnings multiple

> Net assets

> Discounted cash flows or earnings of the underlying business

> Discounted cash flows from the investment

> Industry valuation benchmarks

For investments in start up or early-stage businesses, the "Price of Recent Investment" methodology is the most appropriate for a limited period following the date of investment. Thereafter the fair value is measured using the most appropriate methodology. If fair value cannot be reliably measured then a provision is made.

In the course of this review, increases above cost based valuations of unquoted investments are, in normal circumstances, only made if substantiated by significant third party transactions in relevant shares. Unrealised gains are recorded in the revaluation reserve.

Leased assets
Payments made under operating leases are charged to the revenue account on a straight line basis over the lease term.

Expenses
All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

> expenses which are incidental to the acquisition of an investment are included within the cost of the investment;

> expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and

> expenses are charged to capital reserve and realised where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

Taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Retirement benefits
Defined contribution pension scheme
The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Notes to the Company's financial statements

For the year ended 31 December 2009

1. Profit attributable to members of the parent company

As permitted by Section 408 of the Companies Act 2006, the parent company has not presented its own profit and loss account.

The Company's profit for the year of £453,000 (2008: loss of £602,000) has been transferred to reserves.

Auditor's remuneration

The audit fees for the Company were £15,000 (2008: £14,500). Auditor's remuneration for other services is disclosed in note 2 to the consolidated financial statements.

Fees paid to the Company's auditor, Grant Thornton UK LLP, and its associates for services other than statutory audit of the Company are not disclosed in Energiser Investments plc's accounts since the Group accounts are required to disclose non-audit fees on a Group basis.

2. Staff costs

Staff costs during the year were as follows:

	2009 £'000	2008 £'000
Wages and salaries	**17**	122
Social security costs	**1**	7
Share based compensation	**16**	16
	34	145

The Directors and employees of the Company waived £253,000 of remuneration in respect of the current and previous financial years.

The average number of employees (including Directors) of the Company was:

	2009 Number	2008 Number
Management of investments	**2**	3

See the Remuneration Report for Directors' remuneration.

3. Investments

	2009 £'000	2008 £'000
Investments listed on a recognised investment exchange	**228**	217
Other unlisted investments	**—**	49
	228	266

	Listed £'000	Subsidiary undertakings £'000	Other unlisted investments £'000	Total £'000
Cost				
At 1 January 2009	(30)	2,623	4,902	7,495
Additions	325	—	4	329
Sales:				
– proceeds	(1,163)	—	(100)	(1,263)
– realised gains on sales	676	—	47	723
At 31 December 2009	**(192)**	2,623	4,853	7,284
Unrealised appreciation/(depreciation)				
At 1 January 2009	247	—	(4,853)	(4,606)
Increase in unrealised appreciation/(depreciation)	173	—	—	173
At 31 December 2009	**420**	—	(4,853)	(4,433)
Amounts due to subsidiaries	—	(2,623)	—	(2,623)
Cost or valuation				
At 31 December 2009	**228**	**—**	**—**	**228**
At 31 December 2008	217	—	49	266

4. Debtors

	2009 £'000	2008 £'000
Trade debtors	**—**	24
Amounts owed by subsidiary undertaking	**1,514**	1,193
Other debtors	**1**	159
Prepayments and accrued income	**8**	50
	1,523	1,426

5. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Other loans	**735**	1,084
Trade creditors	**19**	126
Social security and other taxes	**30**	33
Other creditors and accruals	**225**	203
	1,009	1,446

6. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Loan notes due to Billam AG	**397**	397
Other creditors and accruals	**—**	20
	397	417

7. Share capital

	2009 £'000	2008 £'000
Authorised		
46,000,000 (2008: 46,000,000) ordinary shares of 0.1p each	**46**	46
3,980,789,750 (2008: 3,980,789,750) deferred shares of 0.1p each	**3,981**	3,981
	4,027	4,027
Allotted, called up and fully paid		
32,037,956 (2008: 28,309,695) ordinary shares of 0.1p each	**32**	28
2,268,113,165 (2008: 2,268,113,165) deferred shares of 0.1p each	**2,268**	2,268
	2,300	2,296

On 22 December 2009 3,478,261 ordinary shares of 0.1p each were issued in consideration of the conversion of £100,000 of loans advanced to the Company by Mr S D Wicks. On that date a further 250,000 ordinary shares of 0.1p each were issued in consideration of unpaid fees to Mr S Bennett amounting to £7,187.50.

Deferred shares

The deferred shares have:

> no right to any dividend;

> the right to receive notice of any general meeting and to attend such meeting, but no right to vote there at; and

> the right on a winding up or other return of capital (after payment of the debts and liabilities of the Company and an amount equal to the amounts paid up, or credited as paid up, including any premium on the ordinary shares of the Company, together with any unpaid arrears of dividend declared on such shares) to an amount equal to the amounts paid up or credited as paid up on such deferred shares.

The Company operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The charge calculated up to 31 December 2009 is £16,000 (2008: £16,000). Volatility was assessed over the period since the shares listed.

A reconciliation of option movements over the year ended 31 December 2009 is shown below:

	Number	Exercise price
Granted in the year	Nil	0.1p
Outstanding at 31 December 2009	**1,900,000**	
Exercisable at 31 December 2009	—	

At 31 December 2009 outstanding options granted over 0.1p ordinary shares were as follows:

Share option scheme	Option price	Number	Dates exercisable
Company unapproved	20p	1,900,000	24 March 2010 to 23 March 2017

8. Reserves

	Share premium account £'000	Equity element of convertible loan £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2009	5,538	88	247	1,012	(9,318)
Issue of shares	103	—	—	—	—
Share based compensation	—	—	—	—	16
Retained profit for the year	—	—	173	—	453
At 31 December 2009	**5,641**	**88**	**420**	**1,012**	**(8,849)**

9. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Retained profit/(loss) for the year	**453**	(602)
Movement in unrealised gains on investments transferred to/(from) revaluation reserve	**173**	(204)
New share capital subscribed	**107**	132
Share based compensation	**16**	16
	749	(658)
Shareholders' funds brought forward	**(137)**	521
Shareholders' funds carried forward	**612**	(137)

10. Commitments under operating leases

There were annual commitments under operating leases expiring as follows:

	2009 £'000	2008 £'000
Land and buildings		
Less than one year	—	43
Between one to two years	—	—
	—	43

11. Transactions with related parties

At 31 December 2008 there was an amount of £40,000 within creditors for remuneration not yet paid to a former Director Mr A G P Forrest. This sum was payable in two equal instalments on 30 September 2009 and 30 September 2010. During the year Mr Forrest agreed to receive £30,000 as full and final settlement and no sums were outstanding to him at the year end.

During the year, a major shareholder, Mr S D Wicks advanced monies to the Group and the amortised cost of the outstanding balance at the year end was £454,000. Interest accrued during the year at 1% above base rate amounted to £14,000 and this remained outstanding at the year end. Interest of £151,000 relating to previous years also remains outstanding at the year end. On 22 December 2009 Mr S D Wicks converted £100,000 of the loan into 3,478,261 shares at 2.875p (being the mid closing price on that date). The terms of the loan have been amended and the remaining outstanding loan will now carry an interest rate of 4% above the Bank of England base rate. The ability to convert any of this loan into ordinary shares has now been waived. The loan was secured by way of a debenture over the Company's assets. Whilst there are no formal terms of repayment, Mr S D Wicks has agreed not to seek repayment for a period of at least twelve months from the date of approval of these accounts unless the Group has funds to do so.

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both directors and shareholders, has advanced £281,000 to the Company during the year on an unsecured basis at 4% above base rates. Interest of £18,000 has been accrued and remains unpaid at the year end.

Remuneration report

Directors' remuneration
The Board submits its Directors' Remuneration Report for the year ended 31 December 2009.

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position as a market leader and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary.

Due to the Board's current size it does not have a Remuneration Committee.

Main elements of remuneration
The three main elements of the Executive Directors' remuneration package are basic annual salary, performance related bonus and share option incentives.

Basic annual salary
Any Executive Director's basic salary is reviewed annually by the Board. In deciding upon appropriate levels of remuneration the Board believes that the Company should offer average levels of base pay reflecting individual responsibilities compared to similar jobs in comparable companies.

Summary of Directors' remuneration

	Aggregate emoluments					Company contributions to money purchase pension scheme	
	Salary 2009 £'000	Salary waived 2009 £'000	Bonus 2009 £'000	Total 2009 £'000	Total 2008 £'000	2009 £'000	2008 £'000
Executive							
N Malde	38	(38)	15	15	—	—	—
Non-executive							
S C Bennett	28	(16)	—	12	11	—	—
	66	(54)	15	27	11	—	—

Remuneration in respect of Mr S C Bennett was paid to Incremental Capital LLP.

Non-executive Director
The remuneration of the Non-executive Director is determined by the Board within the limits set out in the Articles of Association. The Non-executive Director does not have a contract of service and is not eligible to receive pension contributions.

Directors' interests
The interests of the Directors and their families in the ordinary shares of the Company are shown below:

Ordinary shares	As at 31 December 2009 0.1p Ordinary shares	As at 1 January 2009 0.1p Ordinary shares
S C Bennett	750,000	500,000
N Malde	1,935,464	1,935,464

Other than shown above, no Director had any interest in the shares of the Company or any of its subsidiaries at 31 December 2009 and there have been no changes in Directors' interests since that date and the date of this report.

ON BEHALF OF THE BOARD

Simon Bennett
Chairman
7 June 2010

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Energiser Investments plc (the "Company") will be held at 2 Anglo Office Park, 67 White Lion Road, Amersham, Buckinghamshire HP7 9FB at 2.00pm on 30 June 2010, for the purposes of considering and, if thought fit, passing the following resolutions as to which those numbered 1 to 5 inclusive will be proposed as ordinary resolutions and that numbered 6 will be proposed as a special resolution.

Ordinary resolutions

1. THAT the audited accounts of the Company for the financial year ended 31 December 2009 and the Report of the Directors and auditor's report on those accounts and the Report on Remuneration be received and adopted.

2. THAT Grant Thornton UK LLP be appointed auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which audited accounts are laid and to authorise the Directors to fix its remuneration.

3. THAT Simon Bennett be re-appointed as a Director of the Company in accordance with the Articles of Association of the Company.

Special business

4. THAT the proposed change in the investment strategy of the Company be approved and that the Company is hereby authorised to make investments in such manner and in such business sector(s) as the Directors think fit, including without limitation property companies, property financing companies, other asset-backed investments and cash generative investments.

5. THAT in substitution for all existing authorities under that section, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in Section 560 of the Act) of the Company up to a maximum aggregate nominal amount of £24,028.47, or three quarters of the current issued share capital from time to time to such persons, at such times and generally on such terms and conditions as the Directors (subject to the Articles of Association of the Company from time to time) in their absolute discretion may determine during the period commencing on the date of the passing of this resolution and expiring (unless previously renewed, varied or revoked by the Company in general meeting) 15 months from the date of the passing of this resolution or, if earlier, on the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authorities hereby conferred had not expired.

6. THAT in substitution for all existing authorities, the Directors be and they are hereby empowered, pursuant to Section 571 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if Section 561 of the Act did not apply to any such allotment provided that this power shall be limited:

   (a) to the allotment of equity securities where the equity securities respectively attributable to the interests of all relevant shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them on the record date for such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory;

   (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a nominal amount not exceeding £1,900 pursuant to the exercise of options to subscribe for equity securities in the capital of the Company granted prior to the date hereof; and

   (c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) inclusive above) of equity securities for cash up to an aggregate nominal amount not exceeding £24,028.47 or three quarters of the current issued share capital from time to time, and shall expire on the conclusion of the next annual general meeting of the Company or 15 months after the passing of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement after such expiry as if the power conferred hereby had not expired.

By order of the Board

Nishith Malde
Company Secretary
7 June 2010

Registered office:
2 Anglo Office Park
67 White Lion Road
Amersham
Buckinghamshire
HP7 9FB

Notice of Annual General Meeting continued

Notes

1. A member of the Company entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote instead of him. A proxy need not also be a member of the Company.

2. Completion and return of a form of proxy does not preclude a member from attending, speaking and voting at the AGM in person should he so wish.

3. A form of proxy is enclosed and to be valid must be completed, signed and returned so as to reach the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority) not later than 11.00am on 28 June 2010 being 48 hours before the time fixed for holding the AGM or any adjournment thereof.

4. Copies of the Directors' service contracts and letters of appointment will be available for inspection by members at the registered office of the Company during normal business hours from the date of this notice until the conclusion of the AGM.

5. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those members registered in the Register of Members of the Company as at close of business on 28 June 2010 are entitled to attend, speak or vote at this AGM in respect of the number of Shares registered in their name as at close of business on 28 June 2010. Changes to entries in the register after as at close of business on 28 June 2010 shall be disregarded in determining the right to attend, speak or vote at the AGM.

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