Energiser Investments plc

Annual Report and Accounts 2011

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Board of Directors and advisers

Non-executive Chairman
Simon Bennett

Executive Director
Nishith Malde

Company registration number
00298654

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Secretary
Nishith Malde

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Auditor
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Chairman's statement

The following represents my report to shareholders on the results for the year ended 31 December 2011 and the financial position at that date.

2012 has not been kind to the UK economy and we are now in the first double dip recession since the economic turmoil of 1975. Whilst the recession this time is not expected to be severe or long lasting, it is clear that the overall situation in the UK will not improve dramatically as the markets continue to be impacted by the poor growth prospects in Europe and the possibility of the collapse of the Euro. Notwithstanding, the Group raised a modest amount of equity funding in July 2011 and has experienced a small increase in the value of our principal property asset located in Wellingborough, Northamptonshire. After taking into account the retained loss for the year, the net assets remain at similar levels to the previous year end.

Results

The loss before tax for the year ended 31 December 2011 was £124,000 (2010: profit of £68,000). Our residential development in Wellingborough generated gross rental income of £139,000 and after associated operating costs resulted in net rental income of £103,000. During the year we sold a property in Gateshead, which we had accepted in part exchange for one of the Wellingborough properties, at a loss of £30,000. In addition, the Group wrote off £24,000 of equity investments and £29,000 invested in the production of a fully functional concept prototype of a low profile, high powered motor, further details of which are set out below. Administrative expenses have reduced to £116,000 (2010: £176,000) and finance costs include a fair value charge of £44,000 in respect of the fixed interest rate swap derivative instrument against the bank loan of £1,310,000 (2010: £1,352,000).

During the year the Group raised £117,500 by placing 11,750,000 new ordinary shares of 0.1p each at a price of 1.0p per share. The value of the portfolio of properties in Wellingborough has increased by £103,000 to £2.55m (2010: £2.45m) and the Group's net assets have increased marginally to £340,000 (2011: £339,000) representing net asset value per share of 0.78p (2010: 1.06p).

The Directors do not recommend the payment of a dividend.

The Company's largest shareholder, Stephen Wicks, provided financial support by participating in the equity fund raising referred to above and has agreed to provide further financial support to the Group for the foreseeable future, if required. As at the year end there were no loans due to Mr Wicks. His loans to the Group constitute a related party transaction under the AIM rules for companies. Having consulted with the Group's nominated adviser, the Directors consider that the terms of the loans from Mr Wicks or any of his related parties are fair and reasonable in so far as the shareholders are concerned.

Operations

In last year's Annual Report I updated shareholders on our investment in EiRx Therapeutics plc (ETP) where we hold 12.5% of its issued share capital. ETP raised £230,000 in April 2011 to assist it in financing due diligence work required for a major transaction. Energiser invested £24,000 in this fund raising and we have fully provided against this investment as we understand that the work undertaken by ETP did not lead to the proposed transaction.

All of the 20 residential properties in our Wellingborough development are currently let, generating gross annual rental income of £149,000. The properties are let on short-term tenancies and continue to attract tenants as and when they become available. It continues to be the intention of the Board to sell the properties when the housing market in Northamptonshire improves sufficiently.

In October 2011 the Group announced that it had invested a small sum in a project in the leisure industry. The initial phase involved the production of a fully functional proof of concept prototype motor and, having completed this phase, the Group agreed to fund the next phase of development which includes a pre-production version of the motor for testing by the US Federal Emissions Agency. This phase has experienced delays and it is unlikely that the Environmental Protection Agency certificate will be received in the near future.

Outlook

The residential development of 20 properties at Wellingborough constitutes the Group's principal asset which generates a stable rental stream. The Board continues to seek other opportunities to increase the net asset value of the Group and will keep shareholders informed of any developments.

Simon Bennett
Chairman
22 May 2012

Directors

Simon Bennett
Non-executive Chairman (aged 54)
Mr Bennett has over 25 years' investment banking experience in the City. Mr Bennett qualified as a Chartered Accountant with Saffery Champness in 1981. In 1981 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 Securities, following its acquisition by Credit Agricole, 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 Homes plc and a number of other private companies.

Nishith Malde FCA
Director (aged 53)
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 Homes plc which floated onto AIM in April 2007.

Directors' report
for the year ended 31 December 2011

The Directors have pleasure in submitting their report, together with the financial statements of the Group and Company, for the year ended 31 December 2011.

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

The principal activity of the Group is as an investment company investing in quoted and unquoted companies to achieve capital growth. The Group also holds a property development, acquired by way of its principal activity. The properties are held for sale with rental income arising from short-term lets.

The Group's Key Performance Indicators (KPIs) are underlying share price of the investments, return on project finance and the net assets position of the Group including net assets per share. These indicators are monitored closely by the Board and the details of performance against these are given in the Chairman's Statement.

Results and dividends
The net loss of the Group for the year before and after taxation amounted to £124,000 (2010: profit of £68,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2011.

The net assets of the Group at 31 December 2011 totalled £340,000 (2010: net assets of £339,000). The net assets per ordinary share as at 31 December 2011 were 0.78p (2010: net assets per ordinary share of 1.06p).

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, is contained in the Chairman's Statement on page 2.

Whilst the Group currently has limited investments in quoted or unquoted companies, as referred to above, the Group's principal activity is that of investing in companies. Accordingly, the main Key Performance Indicators used by the business are:

> the underlying share price of the investments;

> the returns on project finance (at the year end the only project, comprising the Wellingborough development, was fully let out under short-term operating leases whilst being held for sale); and

> the net assets position of the Group including net assets per share (2011: net assets per share of 0.78p; 2010: net assets per share of 1.06p).

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 UK Corporate Governance Code 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 effective Board leadership and control of 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 3.

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 Directors' Report, the liquidity of investments and the liquidity risk disclosed in Note 17, funding provided by Mr S D Wicks, as referred to in both Note 16 and the Chairman's Statement, 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; and

> 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 an annual basis at least.

Directors' report continued
for the year ended 31 December 2011

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 161 days (2010: 38 days) of average supplies.

Significant shareholdings
According to the Company's register of substantial shareholdings at 22 May 2012 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	23,558,855	53.8
N Malde	5,935,646	13.6
H Cramer	3,419,488	7.8
W Weston	2,175,558	5.0
M Wheeler	1,796,107	4.1
A G P Forrest	1,257,558	3.9

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

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 2011 ordinary shares of 0.1p	As at 31 December 2010 ordinary shares of 0.1p
S Bennett	**750,000**	750,000
N Malde	**5,935,646**	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 2011 and 22 May 2012. All the above interests are beneficial.

Nishith Malde and Simon Bennett each have a notice period of six months.

Details of Directors' remuneration are shown in the Remuneration Report on page 31.

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

Principal risks and uncertainties

The Group's financial instruments comprise its investment portfolio, cash balances, debtors and creditors that arise directly from its operations and 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 makes investments for the long term. Accordingly the Group rarely trades investments in the short term. Whilst the Group has no listed investments at present, historically these have been sold to meet the Group's funding requirements. However, the market in small capitalised companies can be illiquid. The Group also has a number of residential properties which are available for sale. Accordingly the Directors monitor the market and make disposals as appropriate. Any unlisted investments in the portfolio are normally 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. Any such risk would be regularly monitored by the Directors.

Credit risk

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

Capital risk management

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

The Group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Directors' responsibilities statement

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 (IFRS) as adopted by the European Union and have elected to prepare Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and 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 accounting 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; and

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

Directors' responsibilities statement continued
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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.

The Directors confirm that:

> so far as each Director is aware there is no relevant audit information of which the Company's auditor is 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 auditor is 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.

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

ON BEHALF OF THE BOARD

Nishith Malde
Company Secretary
22 May 2012

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

on the Group financial statements

We have audited the Group financial statements of Energiser Investments plc for the year ended 31 December 2011 which comprise the Group Income Statement, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows, the principal accounting policies and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 7 and 8, 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 and express an opinion on 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/private.cfm.

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 2011 and of its loss 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 Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters: Under the Companies Act 2006 we are required 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 we require for our audit.

Other matter

We have reported separately on the Parent Company financial statements of Energiser Investments plc for the year ended 31 December 2011.

Paul Houghton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
22 May 2012

Group income statement

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Continuing operations			
Change in fair value of investments	1 & 7	**(54)**	(11)
Rental income		**106**	100
Other income		**64**	297
Administrative expenses		**(116)**	(176)
Operating profit	2	**—**	210
Finance costs	3	**(124)**	(149)
Finance income	3	**—**	7
(Loss)/profit before taxation		**(124)**	68
Taxation	5	**—**	—
(Loss)/profit for the year attributable to shareholders of the Company and other comprehensive income		**(124)**	68
(Loss)/earnings per share			
Basic and diluted earnings per share from total and continuing operations	6	**(0.24)p**	0.21p

Diluted earnings per share is taken as equal to basic earnings per share as the Group's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

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

Group statement of financial position
as at 31 December 2011

	Note	2011 £000	2010 £000
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	7	**1**	—
Current assets			
Inventories	9	**2,550**	2,447
Trade and other receivables	10	**14**	22
Cash and cash equivalents		**111**	8
		2,675	2,477
Total assets		**2,676**	2,477
LIABILITIES			
Current liabilities			
Trade and other payables	11	**278**	143
Short-term borrowings	12	**743**	733
		1,021	876
Non-current liabilities			
Long-term borrowings	12	**1,271**	1,262
Financial liabilities held at fair value through profit or loss		**44**	—
		1,315	1,262
Total liabilities		**2,336**	2,138
Net assets		**340**	339
EQUITY			
Share capital	13	**2,312**	2,300
Share premium account		**5,747**	5,641
Convertible loan		**88**	88
Merger reserve		**1,012**	1,012
Retained earnings		**(8,819)**	(8,702)
Total equity		**340**	339

The financial statements were approved by the Board of Directors and authorised for issue on 22 May 2012.

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 2011

	Share capital £000	Share premium account £000	Convertible loan £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 January 2010	2,300	5,641	88	1,012	(8,786)	255
Total comprehensive income	—	—	—	—	68	68
Share-based compensation	—	—	—	—	16	16
Total changes in equity	—	—	—	—	84	84
At 31 December 2010	2,300	5,641	88	1,012	(8,702)	339
Issue of equity	12	106	—	—	—	118
Share-based compensation	—	—	—	—	7	7
Transactions with owners	12	106	—	—	7	125
Total comprehensive income	—	—	—	—	(124)	(124)
Total changes in equity	12	106	—	—	(117)	1
Balance at 31 December 2011	**2,312**	**5,747**	**88**	**1,012**	**(8,819)**	**340**

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 2011

	2011 £000	2010 £000
Cash flows from operating activities		
(Loss)/profit before and after taxation	**(124)**	68
Adjustments for:		
Change in fair value of investments	**54**	11
Fair value loss on financial liabilities recognised in profit or loss	**44**	—
Interest expense	**80**	149
Decrease/(increase)in trade and other receivables	**8**	(5)
Increase/(decrease) in trade payables	**105**	(183)
Interest received	**—**	(7)
Profit on loan redemption	**—**	(297)
Share option charge	**7**	16
Write down of inventories to net realisable value	**—**	40
Reversal of impairment of inventories	**(94)**	—
Increase in inventories	**(9)**	(94)
Net cash generated by/(used in) operating activities	**71**	(302)
Cash flows from investing activities		
Purchase of investments	**(54)**	(52)
Proceeds from sale of investments	**—**	269
Interest received	**—**	7
Net cash (used in)/generated by investing activities	**(54)**	224
Cash flows from financing activities		
Proceeds from borrowings	**61**	442
Re-payment of borrowings	**(43)**	(553)
Interest paid	**(50)**	(73)
Net proceeds on issue of ordinary shares	**118**	—
Net cash generated by/(used in) financing activities	**86**	(184)
Net increase/(decrease) in cash and cash equivalents	**103**	(262)
Cash and cash equivalents at beginning of period	**8**	270
Cash and cash equivalents at end of period	**111**	8

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

Principal accounting policies

for the year ended 31 December 2011

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, except for financial instruments at fair value.

The consolidated financial statements have been prepared in accordance with the accounting policies set out below and International Financial Reporting Standards (IFRS) as adopted by the European Union and that are effective at 31 December 2011.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements and 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.

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 Directors' Report, and the liquidity risk disclosed in Note 17, funding provided by Mr S D Wicks, as referred to in Note 16 and the Chairman's Statement, 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 2011. 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 Group Statement of Financial Position 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.

Other income

Other income 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. Income from the sale of properties is recognised when the title passes. Dividends are recognised on receipt.

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.

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.

Taxation continued
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 point 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.

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.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value in the Statement of Financial Position. Fair values are obtained from observable market prices or valuation techniques such as discounted cash flow models. Generally the best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are used for matching exposures on assets and liabilities. Where separate derivative instruments exist these are measured at fair value through profit or loss under IAS 39. The fair value liability is recognised in the Statement of Financial Position, with the associated expense recognised in the Income Statement.

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** represents the equity element of a convertible loan which has now been settled;

> **Retained earnings** represents retained profits; and

> **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
In accordance with IFRS 8, information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Group 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 its freehold properties within inventories. The Group's result to date is substantially derived from the investment activities.

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.

Share-based employee remuneration
The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

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 in the near future. Any rental income is incidental and only arises from short-term leases. The directors revise this judgement carefully at each year end.

Key sources of estimation uncertainty
Fair value of loans

The fair value of loans at initial recognition 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 other loans included in borrowings was £0.704m (2010: £0.643m). The subsequent measurement of loans is at fair value.

Notes to the Group financial statements
for the year ended 31 December 2011

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 are made on the basis of segment operating results. The segmental analysis of operations is as follows:

Segmental analysis by activity

	2011 £000	2010 £000
Segment result		
Investment activities:		
– change in fair value of investments	(54)	(11)
– administrative expenses	(109)	(132)
	(163)	(143)
Rental activities:		
– rental income	106	100
– administrative expenses	(7)	(44)
	99	56
Other income:		
– sale of property	(30)	—
– reversal of impairment of inventories	94	—
– profit on loan redemption	—	297
	64	297
Operating profit	—	210
Finance costs	(80)	(149)
Fair value adjustment on interest rate swap	(44)	—
Finance income	—	7
(Loss)/profit before tax	(124)	68

	2011 £000	2010 £000
Segment assets		
Investment activities:		
– non-current assets	1	—
– current assets	40	11
	41	11
Rental		
Current assets – inventories	2,550	2,447
Current assets – other	85	19
	2,635	2,466
Total assets	2,676	2,477
Segment liabilities		
Investment activities:		
– current liabilities	696	617
	696	617
Rental		
Current liabilities	325	259
Non-current liabilities	1,315	1,262
	1,640	1,521
Total liabilities	2,336	2,138
Total assets less total liabilities	340	339

The activity of both the investments and rentals arose wholly in the United Kingdom.

No single customer accounts for more than 10% of revenue.

Notes to the Group financial statements continued

for the year ended 31 December 2011

2. Operating profit

Operating profit is stated after charging:

	2011 £000	2010 £000
Auditor's remuneration for:		
Audit services		
– audit of the Group's annual accounts	**15**	15
– audit of subsidiaries pursuant to legislation	**5**	5
Other services		
– taxation services	**14**	5

3. Finance costs and finance income

	2011 £000	2010 £000
Finance costs		
Short-term loans	**31**	54
Long-term loans	**49**	31
Fair value adjustment on interest rate swap derivative held at fair value through profit and loss	**44**	—
Notional interest on loans carried at amortised cost	**—**	64
	124	149
Finance income		
Interest on loans and receivables	**—**	7
	—	7

4. Directors and employees

Staff costs during the year were as follows:

	2011 £000	2010 £000
Wages and salaries	**—**	—
Social security costs	**—**	—
Share-based payment	**7**	16
	7	16

The Directors and employees of the Group have waived £349,000 of remuneration as at 31 December 2011, which includes £48,000 in respect of the current year.

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

	2011 Number	2010 Number
Management of investments and properties	**3**	3

Further details of individual Directors' remuneration, pension fund and interests in the Company are shown in the table on page 31.

5. Income tax expense

There is no tax credit/(charge) for either the current or prior years due to brought forward tax losses. The current tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.0%. The differences are explained as follows:

	2011 £000	2010 £000
(Loss)/profit on ordinary activities before taxation	**(124)**	68
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.0% (2010: 28.0%)	**(32)**	19
Effect of:		
– expenses not deductible for tax	**29**	25
– other differences	**—**	(46)
– tax losses arising	**3**	2
Total tax charge	**—**	—

The Group has unrecognised deferred tax assets of £991,000 (2010: £1,066,000) as a result of losses carried forward of £3,962,000 (2010: £3,949,000).

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 50,752,808 ordinary shares of 0.1p (2010: 32,037,956 ordinary shares of 0.1p) and the following figures:

	2011 £000	2010 £000
(Loss)/earnings attributable to equity shareholders	**(124)**	68
(Loss)/earnings per ordinary share	**(0.24)p**	0.21p

Diluted earnings per share is taken as equal to basic earnings per share as the Group's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

7. Investments

	2011 £000	2010 £000
Investments listed on a recognised investment exchange	**1**	—
Other unlisted investments	**—**	—
	1	—

In accordance with IFRS 7, financial instruments are measured by level of the following fair value measurement hierarchy:

> Level 1: quoted prices in an 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 or 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 available 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 an interest rate swap which is classified as level 2. Further details can be found in Note 17.

> 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 (2010: none). The change in fair value for the current and previous years is recognised through profit or loss.

7. Investments continued

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

	Level 1 quoted equity investments £000	Level 3 financial instruments £000	Total investments £000
Cost			
At 1 January 2010	216	4,853	5,069
Additions	52	—	52
Sales:			
– proceeds	(269)	—	(269)
– realised gains on sales	(11)	—	(11)
At 31 December 2010	(12)	4,853	4,841
Fair value losses			
At 1 January 2010	12	(4,853)	(4,841)
At 31 December 2010	12	(4,853)	(4,841)
Fair value			
At 31 December 2010	—	—	—
At 31 December 2009	228	—	228
Cost			
At 1 January 2011	(12)	4,853	4,841
Additions	1	54	55
At 31 December 2011	**(11)**	**4,907**	**4,896**
Fair value losses			
At 1 January 2011	12	(4,853)	(4,841)
Increase in fair value losses	—	(54)	(54)
At 31 December 2011	**12**	**(4,907)**	**(4,895)**
Fair value			
At 31 December 2011	1	—	1
At 31 December 2010	—	—	—

	2011 £000	2010 £000
Net losses on sales	**—**	(11)
Net increase in unrealised depreciation	**(54)**	—
Loss on remeasurement to fair value of investments carried at fair value through profit or loss	**(54)**	(11)

At 31 December 2011, the Company held 12.5% of the issued ordinary share capital of EiRx Therapeutics plc (ETP). The cost of the ETP investment is fully provided for in the accounts.

8. Subsidiary undertakings

At 31 December 2011 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

	2011 £000	2010 £000
Freehold properties	**2,550**	2,447

The cost of inventories includes the cost of land and all attributable costs of construction. The inventory has been provided as security for the bank loan (see Note 12).

10. Trade and other receivables

	2011 £000	2010 £000
Other debtors	**14**	22

11. Trade and other payables

	2011 £000	2010 £000
Current		
Trade creditors	**47**	36
Social security and other taxes	**10**	17
Other creditors and accruals	**221**	90
	278	143

12. Borrowings

	2011 £000	2010 £000
Current		
Bank loan and overdraft	**39**	90
Other loans	**704**	643
	743	733
Non-current		
Bank loan	**1,271**	1,262
	1,271	1,262
Total borrowings	**2,014**	1,995

On completion of the Wellingborough development, Gramm Partnership Housing Limited entered into a five year term loan from Barclays Bank of £1,360,000, secured on those properties, at an interest rate of base rate plus 2.75%. The terms of the loan required an interest rate swap of £900,000 to fix the base rate at 1.98% per annum.

Other loans are unsecured and attract interest of 4% above base rate.

13. Share capital

	2011 £000	2010 £000
Authorised		
46,000,000 (2010: 46,000,000) ordinary shares of 0.1p each	**46**	46
3,980,789,750 (2010: 3,980,789,750) deferred shares of 0.1p each	**3,981**	3,981
	4,027	4,027
Allotted, called up and fully paid		
43,787,956 (2010: 32,037,956) ordinary shares of 0.1p each	**44**	32
2,268,113,165 (2010: 2,268,113,165) deferred shares of 0.1p each	**2,268**	2,268
	2,312	2,300

13. Share capital continued
Reconciliation of issued share capital

	Ordinary shares Number	Deferred shares Number
At 1 January 2011	32,037,956	2,268,113,165
Issue of shares	11,750,000	—
At 31 December 2011	**43,787,956**	**2,268,113,165**

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 2011 is £7,000 (2010: £16,000). Volatility was assessed over the period since the shares were listed.

A reconciliation of option movements over the year ended 31 December 2011 is shown below:

	Number	Exercise price
Granted in the year	nil	
Outstanding at 31 December 2011	**1,900,000**	20p
Exercisable at 31 December 2011	**1,900,000**	20p

At 31 December 2011 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 (2010: £nil).

15. Commitments under operating leases
There are no commitments under operating leases (2010: £nil).

16. Transactions with related parties
During the year a major shareholder, Mr S D Wicks, advanced funds to the Group and the outstanding balance at the year end was £nil (2010: £nil). Interest of £200 was charged to the accounts at 4% above the Bank of England base rate. Mr Wicks has agreed to provide further financial support to the Group for the foreseeable future to enable the Group to meet its cash requirements, if required.

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both Directors and shareholders, advanced £281,000 to the Company in previous years on an unsecured basis at 4% above base rate. Interest of £39,000 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, debtors and creditors that arise directly from its operations and 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 makes investments for the long term. Accordingly the Group rarely trades investments in the short term. Whilst the Group has no listed investments at present, historically these have been sold to meet the Group's funding requirements. However, the market in small capitalised companies can be illiquid. The Group also has a number of residential properties which are available for sale. Accordingly the Directors monitor the market and make disposals as appropriate. Any unlisted investments in the portfolio are normally subject to greater liquidity risk. This risk is taken into account by the Directors when arriving at the valuation of these assets.

17. Financial instruments and risk profile continued

Market price risk

The Group is exposed to market price risk as shown by movements in the value of its equity investments. Any such risk would be regularly monitored by the Directors.

Capital risk management

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

The Group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Credit risk

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

	2011 £000	2010 £000
Trade and other receivables	14	22
Cash and cash equivalents	111	8
	125	30

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

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:

	2011 £000	2010 £000
Non-current assets		
Financial assets at fair value through profit or loss	1	—
Current assets		
Trade and other receivables	14	22
Cash and cash equivalents	111	8
Loans and receivables	125	30
Current liabilities		
Financial liabilities carried at amortised cost	1,011	769
Non-current liabilities		
Financial liabilities carried at amortised cost	1,271	1,262
Derivative held at fair value through profit or loss	44	—
	1,315	1,262

The financial instruments held at fair value through profit or 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. There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

Interest rate risk profile of financial liabilities

	2011 £000	2010 £000
Floating rate financial liabilities	2,014	1,995
Financial liabilities on which no interest is paid	312	143
	2,326	2,138

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.

Notes to the Group financial statements continued

for the year ended 31 December 2011

17. Financial instruments and risk profile continued

Maturity profile of financial liabilities including interest

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

	2011 £000	2010 £000
In one year or less, or on demand		
Bank loan	**80**	80
Other loans	**704**	643
	784	723
In more than one year but not more than two		
Bank loan	**80**	80
In more than three years		
Bank loan	**1,308**	1,388

The above amounts reflect the contractual undiscounted cash flows which may differ to the carrying values of the liabilities at the reporting date.

Fair value measurement hierarchy of financial liabilities

The Group uses an interest rate swap to mitigate interest rate exposure on the Barclays Bank loan. The loan has a variable interest rate of 2.75% above the notional base rate of 1.98%. The interest rate swap is deemed to be a separate financial instrument from the loan and not an embedded derivative within the host loan. In accordance with IFRS 7, financial instruments are disclosed by level of the fair value measurement hierarchy as detailed in Note 7. There have been no transfers between these classifications in the period (2010: none). The change in fair value for the current and previous years is recognised through profit or loss.

	Level 2 derivatives £000
Cost	
At 1 January 2011	—
Additions	—
At 31 December 2011	**—**
Fair value movements	
At 1 January 2011	—
Fair value loss	(44)
At 31 December 2011	**(44)**
Fair value	
At 31 December 2011	**(44)**
At 31 December 2010	—

Sensitivity analysis

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year £000		Equity £000	
	+ 1%	- 1%	+ 1%	- 1%
31 December 2011	**(132)**	**(118)**	**333**	**347**
31 December 2010	63	74	334	345
31 December 2009	519	542	243	266

18. Events after the balance sheet date

There are no post-balance sheet events.

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 2011 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 7 and 8, 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 and express an opinion on 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/private.cfm.

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 2011;

> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the 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 2011.

Paul Houghton
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
22 May 2012

Parent company balance sheet
as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	3	**1**	—
Current assets			
Debtors	4	**949**	969
Cash at bank and in hand		**31**	—
		980	969
Creditors: amounts falling due within one year	5	**(697)**	(623)
Net current assets		**283**	346
Net assets		**284**	346
Capital and reserves			
Called up share capital	6	**2,312**	2,300
Share premium account	7	**5,747**	5,641
Convertible loan	7	**88**	88
Revaluation reserve	7	**420**	420
Merger reserve	7	**1,012**	1,012
Profit and loss account	7	**(9,295)**	(9,115)
Shareholders' funds	8	**284**	346

The financial statements were approved by the Board of Directors and authorised for issue on 22 May 2012.

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 2011

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 Directors' Report, 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.

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; and

> 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 2011

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 loss for the year of £187,000 (2010: loss of £282,000) has been transferred to reserves.

Auditor's remuneration
The audit fees for the Company were £15,000 (2010: £15,000). 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:

	2011 £000	2010 £000
Wages and salaries	**—**	—
Social security costs	**—**	—
Share-based compensation	**7**	16
	7	16

The Directors and employees of the Company waived £349,000 of remuneration as at 31 December 2011, which includes £48,000 in respect of the current year.

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

	2011 Number	2010 Number
Management of investments	**2**	2

See the Remuneration Report for Directors' remuneration.

3. Investments

	2011 £000	2010 £000
Investments listed on a recognised investment exchange	**1**	—

	Listed £000	Subsidiary undertakings £000	Other unlisted investments £000	Total £000
Cost				
At 1 January 2011	(420)	2,623	4,853	7,056
Additions	1	—	54	55
At 31 December 2011	**(419)**	**2,623**	**4,907**	**7,111**
Unrealised appreciation/(depreciation)				
At 1 January 2011	420	—	(4,853)	(4,433)
Increase in unrealised depreciation	—	—	(54)	(54)
At 31 December 2011	**420**	—	**(4,907)**	**(4,487)**
Amounts due to subsidiaries	—	**(2,623)**	—	**(2,623)**
Cost or valuation				
At 31 December 2011	**1**	**—**	**—**	**1**
At 31 December 2010	—	—	—	—

4. Debtors

	2011 £000	2010 £000
Amounts owed by subsidiary undertaking	**939**	958
Other debtors	**3**	2
Prepayments and accrued income	**7**	9
	949	969

During 2010 an amount of £422,000 was provided against the subsidiary undertaking debtor.

5. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Other loans	**558**	523
Trade creditors	**30**	20
Other creditors and accruals	**109**	80
	697	623

6. Share capital

	2011 £000	2010 £000
Authorised		
46,000,000 (2010: 46,000,000) ordinary shares of 0.1p each	**46**	46
3,980,789,750 (2010: 3,980,789,750) deferred shares of 0.1p each	**3,981**	3,981
	4,027	4,027
Allotted, called up and fully paid		
43,787,956 (2010: 32,037,956) ordinary shares of 0.1p each	**44**	32
2,268,113,165 (2010: 2,268,113,165) deferred shares of 0.1p each	**2,268**	2,268
	2,312	2,300

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 2011 is £7,000 (2010: £16,000). Volatility was assessed over the period since the shares listed.

A reconciliation of option movements over the year ended 31 December 2011 is shown below:

	Number	Exercise price
Granted in the year	nil	
Outstanding at 31 December 2011	**1,900,000**	20p
Exercisable at 31 December 2011	**1,900,000**	20p

At 31 December 2011 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

Notes to the Company's financial statements continued
for the year ended 31 December 2011

7. 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 2011	5,641	88	420	1,012	(9,115)
Share-based compensation	—	—	—	—	7
Issue of shares	106	—	—	—	—
Retained loss for the year	—	—	—	—	(187)
At 31 December 2011	**5,747**	**88**	**420**	**1,012**	**(9,295)**

8. Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Retained loss for the year	**(187)**	(282)
New share capital subscribed	**118**	—
Share-based compensation	**7**	16
	(62)	(266)
Shareholders' funds brought forward	**346**	612
Shareholders' funds carried forward	**284**	346

9. Commitments under operating leases

There are no commitments under operating leases (2010: £nil).

10. Transactions with related parties

During the year a major shareholder, Mr S D Wicks, advanced funds to the Group and the outstanding balance at the year end was £nil (2010: £nil). Interest of £200 was charged to the accounts at 4% above the Bank of England base rate. Mr Wicks has agreed to provide further financial support to the Group for the foreseeable future to enable the Group to meet its cash requirements, if required.

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both Directors and shareholders, advanced £281,000 to the Company in previous years on an unsecured basis at 4% above base rate. Interest of £39,000 has been accrued and remains unpaid at the year end.

Gramm Partnership Housing Limited and Development Funding Limited are wholly owned subsidiaries of Energiser Investments plc. Energiser Investments plc is exempt from the requirements of FRS 8 to disclose transactions with the companies.

Remuneration report

Directors' remuneration

The Board submits its Directors' Remuneration Report for the year ended 31 December 2011.

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/ fees 2011 £000	Salary waived 2011 £000	Bonus 2011 £000	Total 2011 £000	Total 2010 £000	2011 £000	2010 £000
Executive							
N Malde	38	(38)	—	—	—	—	—
Non-executive							
S C Bennett	10	—	—	10	10	—	—
	48	(38)	—	10	10	—	—

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 2011 0.1p ordinary shares	As at 1 January 2010 0.1p ordinary shares
S C Bennett	750,000	750,000
N Malde	5,935,646	1,935,464

Share options	0.1p ordinary shares	0.1p ordinary shares
S C Bennett	300,000	300,000
N Malde	700,000	700,000

The share options are part of a Company Unapproved scheme and are exercisable at 20p between 24 March 2010 and 23 March 2017.

Other than shown above, no Director had any interest in the shares of the Company or any of its subsidiaries at 31 December 2011 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
22 May 2012

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 11.00am on 29 June 2012, for the purposes of considering and, if thought fit, passing the following resolutions as to which those numbered 1 to 3 inclusive will be proposed as ordinary resolutions and those numbered 4 to 6 will be proposed as a special resolutions.

Ordinary resolutions

1. THAT the audited accounts of the Company for the financial year ended 31 December 2011 and the Directors' Report and Auditor's Report on those accounts and the Remuneration Report 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 reappointed 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 £32,840.97 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 £32,840.97 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.

ON BEHALF OF THE BOARD

Nishith Malde
Company Secretary
22 May 2012

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

Notes

1. A member of the Company entitled to attend, speak and vote at the Annual General Meeting (AGM) may appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not 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/she 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, Neville Registrars Ltd, Neville House, 18 Laurel Lane, Halesown, B63 3DA (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 27 June 2012 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 27 June 2012 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 27 June 2012. Changes to entries in the register after close of business on 27 June 2012 shall be disregarded in determining the right to attend, speak or vote at the AGM.

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