

Xi-Tech Limited

Report and Financial Statements

For the period

From 6 November 2009
to 25 March 2011

Company Number 07068708

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Xi-Tech Limited

Report and financial statements for the period 6 November 2009 to 25 March 2011

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Director

S C Jaye

Secretary and registered office

S C Jaye, Unit 6A Langley Business Centre, Station Road, Langley, Slough, SL3 8DS, United Kingdom

Company number

07068708

Auditors

BDO LLP, Prospect Place, 85 Great North Road, Hatfield, Herts, AL9 5BS

Xi-Tech Limited

Report of the director for the period 6 November 2009 to 25 March 2011

The director presents his report together with the audited financial statements of the company and of the group for the period from 6 November 2009 (date of incorporation) to 25 March 2011. The company commenced trading on 18 January 2010.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the period.

No dividends were paid in respect of ordinary shareholders during the period.

A dividend of £0.07p per share was paid in respect of the preference shareholders during the period.

Principal activities, review of business and future developments

The company is a holding company and the group's principal activity is the development, manufacture and marketing of a range of sensor detection modules and systems that cover a variety of wavelengths across the electro magnetic spectrum. It also carries out the development, manufacture and marketing of high voltage power supplies to support the markets of the above.

On 18 January 2010 Xi-Tech Limited purchased the entire share capital of Electron Technologies Limited to become the ultimate parent company of the Electron Technologies Limited group of companies. At the same time the issued share capital of Electron Technologies Limited was regularised with the reclassification of the A ordinary shares and the deferred shares into one class of ordinary shares.

Subsequent to this acquisition, the group was restructured to simplify the group by the removal of the non trading entities as a result of which Sens-Tech became a subsidiary of Xi-Tech Limited. Electron Technologies Limited entered into a members voluntary liquidation on 18 March 2011.

The group's profit and loss account for the period is set out on page 6 and shows turnover of £12,671,000 and a profit for the year before tax of £2,079,000. The group's retained profit for the financial year is £1,433,000.

Research and development work will continue to be focused on three main product areas:

- X-ray detection systems, with an aim to maintain cost competitive products, whilst continuing to develop increased levels of functionality and provide custom solutions in all areas, including 2D, CT, multi-view and linear x-ray systems
- Detector modules development will continue to be customer specific and provide modules that are compact, high performance and low noise. Specifically being developed to interface with customer systems with ease
- Power supply developments will continue to be project specific and will extend into a great number of application areas over the next twelve months

Principal risks and uncertainties

The market for the companies' primary products continues to be highly competitive with respect to technology, cost and timescale.

With the recent introduction of new, higher performing and more flexible electronics in the X-ray product area and the addition of 2D detectors for CT applications, the company is providing a greater depth of products to support our customers needs for improvements in their systems.

Timescales will be managed through tight project management disciplines and product costs are a principal activity in the product development lifecycle to ensure our competitive financial position is maintained.

Xi-Tech Limited

Report of the director for the period 6 November 2009 to 25 March 2011 (continued)

Key performance indicators

On a month by month basis the group reviews the sales budget for progress against targets. The predicted sales to year end are re-calculated and actions taken as necessary to cover any shortfall. Additionally decisions are made on resources to cover any gains.

Stock, including provisions, is analysed at the end of each month, with significant variations documented and actions taken as necessary to resolve any issues.

Manufacturing costs are also monitored on a monthly basis, including materials and labour, with variations analysed and reviewed to understand the impact on the business and any activity required to correct negative variances.

Financial risk management

The Board regularly reviews the financial requirements of the company and the group and the risks associated therewith. Company and group operations are financed from retained earnings and available external funds. The company does not use complicated financial instruments or any financial derivative instruments including bank loans and invoice discount arrangements for trading purposes.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, obtaining payments in advance where necessary and the constant monitoring of all outstanding debts.

Foreign exchange gains and losses result from the requirement to correct dollar working capital balances into sterling when preparing the financial statements. Gains and losses are dictated by movements in that exchange rate.

Research and development

Research and development work is being increased to support the companies growth and continues to support a level appropriate to a high-technology business.

Directors

The directors of the company during the period were

S C Jaye (appointed 6 November 2009)

Directors' and officers' liability insurance

Xi-Tech Limited has maintained insurance to cover directors' and officers' liability.

Xi-Tech Limited

Report of the director for the period 6 November 2009 to 25 March 2011 (*continued*)

Directors' responsibilities

The director is responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they 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 and company 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 UK Accounting Standards have been followed, subject to any material departures, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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.

He is also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's and group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



S C Jaye
Director

Date 3 August 2011

Xi-Tech Limited

Independent auditor's report

TO THE MEMBERS OF XI-TECH LIMITED

We have audited the financial statements of Xi-Tech Limited for the period ended 25 March 2011 which comprise the consolidated profit and loss account, the company and consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 financial statements

- give a true and fair view of the state of the group and the parent company's affairs as at 25 March 2011 and of the group's and parent company's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements 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 period for which the financial statements are prepared is consistent with the financial statements.

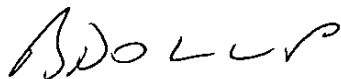
Xi-Tech Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

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



George Brooks, (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Hatfield
United Kingdom

Date 3 August 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Xi-Tech Limited

Consolidated profit and loss account for the period 6 November 2009 to 25 March 2011

	Note	Period ending 25 March 2011 £'000
		Acquisitions
Turnover	2	12,671
Cost of sales		8,889
Gross profit		3,782
Distribution costs		529
Administrative expenses		1,105
Operating profit	3	2,148
Interest receivable and similar income		4
Interest payable and similar charges	6	(73)
Profit on ordinary activities before taxation		2,079
Taxation on profit on ordinary activities	7	646
Profit on ordinary activities after taxation		1,433

All amounts relate to continuing activities

The notes on pages 11 to 26 form part of these financial statements

Xi-Tech Limited

Consolidated statement of total recognised gains and losses for the period 6 November 2009 to 25 March 2011

	Period ending 25 March 2011 £'000 Acquisitions
Profit for the financial period	1,433
Exchange loss on translation of investments in foreign subsidiaries	(46)
Total recognised gains and losses for the financial period	1,387

The notes on pages 11 to 26 form part of these financial statements

Xi-Tech Limited

Consolidated balance sheet at 25 March 2011

Company Number 07068708	Note	25 March 2011 £'000	25 March 2011 £'000
Fixed assets			
Tangible assets	10		29
Current assets			
Stocks	13	1,156	
Debtors	14	2,419	
Cash at bank and in hand		1,294	
		4,869	
Creditors: amounts falling due within one year	15	2,781	
Net current assets			2,088
Total assets less current liabilities			2,117
Creditors: amounts falling due after more than one year	16		720
Net assets			1,397
Capital and reserves			
Called up share capital	17		10
Profit and loss account	18		1,387
Shareholders' funds	19		1,397

The financial statements were approved by the director and authorised for issue on 3 August 2011



S C Jaye
Director

The notes on pages 11 to 26 form part of these financial statements

Xi-Tech Limited

Company balance sheet at 25 March 2011

Company Number 07068708	Note	25 March 2011 £'000	25 March 2011 £'000
Fixed assets			
Fixed asset investments	12		1,559
Current assets			
Debtors	14	1,246	
Cash at bank and in hand		2	
		1,248	
Creditors: amounts falling due within one year	15	820	
Net current assets			428
Total assets less current liabilities			1,987
Creditors: amounts falling due after more than one year	16		717
Net assets			1,270
Capital and reserves			
Called up share capital	17		10
Profit and loss account	18		1,260
Shareholders' funds	19		1,270

The financial statements were approved by the director and authorised for issue on 3 August 2011



S C Jaye
Director

The notes on pages 11 to 26 form part of these financial statements

Xi-Tech Limited

Consolidated cash flow statement for the period 6 November 2009 to 25 March 2011

Company Number 07068708	Note	Period ending 25 March 2011 £'000	Period ending 25 March 2011 £'000
Net cash inflow from operating activities	22		923
Returns on investments and servicing of finance			
Interest received		4	
Interest paid bank loans and overdrafts		(54)	
Preference share dividend paid		(19)	
Net cash outflow from returns on investments and servicing of finance			(69)
Taxation			
Corporation tax paid			(356)
Capital expenditure			
Payments to acquire tangible fixed assets		(16)	
Receipts from sale of tangible fixed assets		4,310	
Purchase of subsidiary undertaking		(4,011)	
			283
Acquisitions			
Cash borrowings acquired from subsidiary			(611)
Cash inflow before financing			170
Financing			
Issue of new equity shares		10	
Issue of new preference shares		275	
Director's loan funding		190	
New bank loans		1,007	
Bank loans repaid		(312)	
Capital element of finance leases repaid		(3)	
Net cash inflow from financing			1,167
Increase in cash	24		1,337

The notes on pages 11 to 26 form part of these financial statements

Xi-Tech Limited

Notes forming part of the financial statements for the period 6 November 2009 to 25 March 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Xi-Tech Limited and all of its subsidiary undertakings as at 25 March 2011 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents sales to external customers at invoiced amounts excluding value added tax on sales. Revenue is recognised when goods are delivered in full according to specification to customers.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 2% on valuation
Plant and machinery	- 10-20% on cost
Motor vehicles	- 33 1/3% on cost
Fixtures and fittings	- 10-33 1/3% on cost

Stocks

Stock and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes all direct expenditure and production overheads appropriate to bring stock and work in progress into their condition and location at the balance sheet date. Net realisable value is the price at which stock can be realised in the normal course of business. Provision is made for obsolete, slow moving and defective stock.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The difference between profits of the overseas subsidiary translated at average and closing rates of exchange are taken to reserves.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt, so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Xi-Tech Limited

Notes forming part of the financial statements for the period 6 November 2009 to 25 March 2011 (*continued*)

1 Accounting policies (*continued*)

Research and development

Research and development expenditure is written off in the period in which it is incurred. Funding received for such revenue expenditure is credited to revenue so as to match the related expenditure.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Replacement under guarantee

Provision is made for the estimated outstanding liability for replacement under guarantees and other warranties given to purchasers of the company's products.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Xi-Tech Limited

Notes forming part of the financial statements for the period 6 November 2009 to 25 March 2011 (*continued*)

1 Accounting policies (*continued*)

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use

Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholder at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the net assets and liabilities acquired. Positive goodwill is capitalised as an intangible asset and amortised through the profit and loss account over its expected useful economic life.

Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill arising on the acquisition of the Electron Technologies Limited group was fully written off in the current accounting period.

2 Turnover

	Group 2011 £'000
Analysis by geographical market	
United Kingdom	643
USA	3,154
Export other than USA	8,874
	12,671

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (continued)

3 Operating profit

Group
2011
£'000

This is arrived at after charging/(crediting)

Research and development - current period's expenditure	245
Depreciation of tangible fixed assets	14
Amortisation of goodwill	297
Hire of other assets - operating leases	94
Hire of plant and machinery - operating leases	7
Auditor's remuneration	
Group - audit services	32
Group - non-audit services	20
Exchange differences	(36)
Profit on disposal of fixed assets	-

Included in the group audit fee is an amount of £2,500 in respect of the company

4 Employees

Group
2011
£'000

Staff costs (including directors) consist of

Wages and salaries	814
Social security costs	100
Other pension costs	61
	975

The average number of employees (including directors) during the period was as follows

Group
2011
Number

Production and development	19
Selling and distribution	4
Administration	8
	31

The holding company had no staff costs in the period and no direct employees

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

5 Director's remuneration

Group
2011
£'000

Director's emoluments	86
Company contributions to money purchase pension schemes	16

There was 1 director in the company's defined contribution pension scheme during the period

6 Interest payable and similar charges

Group
2011
£'000

Bank loans and overdrafts	54
Preference share dividend (note 16)	19

73

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

7 Taxation on profit on ordinary activities

	Group 2011 £'000
<i>UK corporation tax</i>	
Current tax on profits of the period	642
Underprovision in prior period	4
Total current tax	646

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	Group 2011 £'000
Profit on ordinary activities before tax	2,079
Profit on ordinary activities at the standard rate of corporation Tax in the UK of 28%	582
Effect of	
Expenses not deductible for tax purposes	112
Capital allowances for period in excess of depreciation	1
Tax credit in respect of research and development costs	(58)
Adjustment to tax charge in respect of previous period	4
Overseas losses not utilised	20
Other timing differences	(15)
Current tax charge for period	646

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

8 Dividends

	Group 2011 £'000
Preference shares	
Final dividend paid during the period of £0 07p per share in respect of the period ended 25 March 2011	19
	<u>19</u>

The preference dividend that was paid during the period is shown as an interest expense (see note 6) in line with the requirements of FRS 25

9 Profit for the financial period

The company has taken advantage of the exemption allowed under section 408(3) of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The parent company's profit for the period was £1,260,479

10 Tangible fixed assets

Group	Freehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<i>Cost or valuation</i>					
Acquisition of subsidiaries	4,387	-	45	59	4,491
Additions	-	9	-	7	16
Disposal	(4,387)	-	-	-	(4,387)
	<u>-</u>	<u>9</u>	<u>45</u>	<u>66</u>	<u>120</u>
At 25 March 2011	-	9	45	66	120
<i>Depreciation</i>					
Acquisition of subsidiaries	68	-	21	56	145
Provided for the period	-	3	2	9	14
Disposal	(68)	-	-	-	(68)
	<u>-</u>	<u>3</u>	<u>23</u>	<u>65</u>	<u>91</u>
At 25 March 2011	-	3	23	65	91
<i>Net book value</i>					
At 25 March 2011	-	6	22	1	29

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

11 Intangible fixed assets Group

	Goodwill on consolidation £'000
<i>Cost</i>	
Additions- see note 20	297
At 25 March 2011	297
<i>Amortisation</i>	
Charge for the period	297
At 25 March 2011	297
<i>Net book value</i>	
At 25 March 2011	Nil

12 Fixed asset investments

Company	Subsidiary undertakings £'000
<i>Cost</i>	
Acquired during the period and as at 25 March 2011	1,559

The company owns 100% of the share capital of Sens-Tech Limited

Sens-Tech Limited is registered in England and assembles and markets detector modules

Sens-Tech owns 100% of the share capital of Electron Tubes Inc. Electron Tubes Inc, is incorporated in the United States of America and markets detector modules in the United States of America

13 Stocks

	Group 2011 £'000
Raw materials and consumables	857
Work in progress	233
Finished goods and goods for resale	66
	1,156

In the opinion of the directors the replacement cost of stock is not materially different from historic cost

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (continued)

14 Debtors

	Group 2011 £'000	Company 2011 £'000
Trade debtors	2,001	-
Amounts owed by subsidiary undertakings	-	1,220
Other debtors	330	-
Prepayments and accrued income	88	26
	<u>2,419</u>	<u>1,246</u>

Amounts shown under debtors fall due for payment within one year. Amounts owed to subsidiary undertakings are repayable at the discretion of the director.

15 Creditors amounts falling due within one year

	Group 2011 £'000	Company 2011 £'000
Bank loans and overdrafts (secured - note 15)	256	253
Trade creditors	1,078	-
Amounts owed to group undertakings	-	373
Director's loan account	190	190
Corporation tax	290	-
Other taxation and social security	32	-
Other creditors	456	-
Accruals and deferred income	476	4
Obligations under finance leases and hire purchase contracts	3	-
	<u>2,781</u>	<u>820</u>

16 Creditors: amounts falling due after more than one year

	Group 2011 £'000	Company 2011 £'000
Bank loans	442	442
Preference share capital	275	275
Obligations under finance leases and hire purchase contracts	3	-
	<u>720</u>	<u>717</u>

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (continued)

16 Creditors: amounts falling due after more than one year (continued)

Maturity of debt Group

	Bank loans and overdrafts £'000	Directors loan account £'000	Preference share capital £'000	Finance leases £'000	Total £'000
In one year or less, or on demand	256	190	-	3	449
In more than one year but not more than two years	253	-	-	3	256
In more than two years but not more than five years	189	-	275	-	464
	442	-	275	3	720

Company

	Bank loans and overdrafts £'000	Directors loan account £'000	Preference share capital £'000	Finance leases £'000	Total £'000
In one year or less, or on demand	253	190	-	-	443
In more than one year but not more than two years	253	-	-	-	253
In more than two years but not more than five years	189	-	275	-	464
	442	-	275	-	717

The bank loan is repayable by quarterly instalments and is secured by way of debenture over the assets of the group

There is a fixed and floating charge over the assets of group companies and an inter-company guarantee in place at the year end relating to group and parent company borrowings

The group invoice discounting agreement is secured by a fixed and floating charge over the assets and property of the group

The director's loan account is unsecured, interest free and repayable on demand

The hire purchase liability is secured on the assets giving rise to them

Details of the preference shares are given in note 17

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (continued)

17 Share capital

Group and company	Authorised 2011 £	Allotted called up and fully paid 2011 £
10,000 Ordinary shares of £1 each	10,000	10,000
275,000 Preference shares of £1 each	275,000	275,000
	<u>285,000</u>	<u>285,000</u>

On 6 November 2009, 1 subscriber ordinary £1 share was issued on incorporation for cash

On 18 January 2010, a further 9,999 ordinary £1 shares was allotted and issued for cash. In addition, 275,000 preference £1 shares were allotted and issued for cash. The new ordinary shares rank pari-passu with the existing ordinary share capital.

In accordance with FRS 25, the preference shares of £1 each are presented as a liability in the consolidated and company balance sheets.

The rights attaching to the shares are summarised as follows:

Ordinary shares

Holders are not entitled to a dividend until the bank loans have been repaid in full and then only after the preference dividend.

Holders are entitled to receive any return of capital and accrued dividends, in the event of a winding up. Ordinary shares rank after the preference shares and any dividend due on the preference shares.

Holders of ordinary shares are entitled to voting rights (1 vote per share).

Preference Shares

Holders are entitled to a cumulative annual preference dividend calculated at 5.5% above the prevailing 3 month LIBOR. Holders are entitled to amounts equivalent to the amounts paid up in the event of winding up before all other classes of shareholders have received a return of capital and accrued income. Holders are not entitled to voting rights.

Preference shares can be redeemed in certain circumstances at the option of the holder. Otherwise, preference shares will be redeemed on the fifth anniversary after date of issue.

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

18 Reserves

Group	Profit and loss account £,000
Profit for the financial period	1,433
Translation differences on foreign currency net investments in subsidiary undertaking	(46)
At 25 March 2011	1,387
Company	
Profit for the financial period	1,260
At 25 March 2011	1,260

19 Reconciliation of movements in shareholders' funds

	Group 2011 £'000	Company 2011 £'000
Profit for the period	1,433	1,260
Issue of ordinary shares	10	10
Translation differences on foreign currency net investments in subsidiary undertaking	(46)	-
Net additions to shareholders funds	1,397	1,270
Closing shareholders funds	1,397	1,270

Dividends in respect of preference shares are shown as an interest expense in line with the requirements of FRS 25

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

20 Acquisitions

During the period, Xi-Tech Limited acquired the entire issued share capital of Electron Technologies Limited. In calculating the provisional goodwill arising on acquisition the fair values of the net assets of the company have been assessed and no adjustments from book value were necessary.

	Book and provisional fair value at 18 January 2010 £'000
Fixed assets	4,346
Stock	1,388
Debtors	1,087
Creditors	(2,496)
Loans and overdrafts	(611)
Net assets acquired	3,714
Goodwill arising on acquisition	297
Total cost of acquisition	4,011
Consideration satisfied by	
Cash	3,884
Additional fees	127
Total	4,011

Xi-Tech Limited

Notes forming part of the financial statements for the period 6 November 2009 to 25 March 2011 (continued)

20 Acquisitions (continued)

A summary of the consolidated trading profit and loss account for Electron Technologies Limited's last filed financial statements and the subsequent period up to the date of acquisition is as follows

	28 March 2009 to 18 January 2010 £'000	Year ended 27 March 2009 £'000
Turnover	4,688	7,194
Cost of sales	2,597	4,856
Gross profit	2,091	2,338
Distribution costs	239	372
Administration expenses	1,202	869
Other operating income	(41)	(187)
Operating profit	691	1,284
Interest receivable and similar income	2	94
Interest payable and similar charges	(33)	(433)
Profit on ordinary activities before taxation	660	945
Taxation on profit on ordinary activities	261	384
Retained profit	399	561

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (continued)

21 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £'000	Other 2011 £'000
Operating leases which expire:		
Within one year	3	3
In two to five years	87	-
	90	3

22 Reconciliation of operating profit to net cash inflow from operating activities

	Group 2011 £'000
Operating profit	2,148
Depreciation of tangible fixed assets	14
Amortisation of goodwill	297
Decrease/in stocks	232
Increase in debtors	(1,332)
Decrease in creditors	(436)
Net cash inflow from operating activities	923

23 Reconciliation of net cash flow to movement in net debt

	Group 2011 £'000
Increase in cash	1,337
Cash inflow from changes in debt	(692)
Movement in net debt resulting from cash flows	645
Exchange translation	(46)
Inception of finance leases	(9)
Movement in net debt	590
Opening net debt	-
Closing net debt	590

Xi-Tech Limited

Notes forming part of the financial statements
for the period 6 November 2009 to 25 March 2011 (*continued*)

24 Analysis of net debt

	Cash flow £'000	Other non-cash items £'000	Exchange adjustments £'000	At 25 March 2011 £'000
Cash at bank and in hand	1,340	-	(46)	1,294
Bank overdrafts	(3)	-	-	(3)
	<u>1,337</u>	<u>-</u>	<u>(46)</u>	<u>1,291</u>
Debt due within one year		(253)	-	(253)
Debt due after one year	(695)	253	-	(442)
Finance leases	3	(9)	-	(6)
	<u>645</u>	<u>(9)</u>	<u>(46)</u>	<u>590</u>

25 Controlling party

The company is controlled by S Jaye by virtue of his shareholding in the company

26 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the group to the fund and amounted to £61,273.

27 Contingent liabilities

The company has entered into a cross-guarantee to secure its bank facilities and the bank and other loan facilities of certain group undertakings. The balance of these loans at 25 March 2011 is £694,509. All previous obligations were fully repaid during the year. The guarantee is secured by a fixed and floating charge over the assets of the group. The company has a duty deferment guarantee with its bank which would give rise to a liability of £50,000 if exercised by the bank.

The company's invoice discounting agreement entered into during the year is secured by a fixed and floating charge over the assets and property of the group. The ultimate parent company acts as a guarantor of this facility.