

614011

Red Industries Holdings Limited
(formerly BBM Seventy Limited)

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

31 December 2010



Company Registration No 07099708

Red Industries Holdings Limited (formerly BBM Seventy Limited)

CONTENTS

DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED INDUSTRIES HOLDINGS LIMITED	6
CONSOLIDATED PROFIT AND LOSS ACCOUNT	7
CONSOLIDATED BALANCE SHEET	8
COMPANY BALANCE SHEET	9
CONSOLIDATED CASHFLOW STATEMENT	10
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	11
NOTE OF HISTORICAL COST PROFIT AND LOSSES	11
ACCOUNTING POLICIES	12
NOTES TO THE FINANCIAL STATEMENTS	15

Red Industries Holdings Limited

DIRECTORS AND ADVISORS

DIRECTORS

A Share (appointed 31 December 2009)
P Ratcliffe (appointed 31 December 2009)
DJ Scott (appointed 31 December 2009)
JM Clewes (appointed 1 August 2010)

SECRETARY

A Clapperton (appointed 31 December 2009)

REGISTERED OFFICE

Sneyd Hill
Burslem
Stoke-on-Trent
Staffordshire
ST6 2DZ

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Red Industries Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of Red Industries Holdings Limited for the 388 day period ended 31 December 2010

The company BBM Seventy Limited was incorporated on 9 December 2009. The company changed its name to Red Industries Holdings Limited (formerly BBM Seventy Limited) on 23 December 2009.

PRINCIPAL ACTIVITIES

The company was dormant for the period from incorporation to 31 December 2009. On the 31 December 2009 Red Industries Holdings Limited acquired the shares of Red Industries Limited and its associated subsidiaries, Red Scotland Limited, Red Tankers Limited, Ecolink Waste Management Limited, Link TS Limited and Linkwaste Limited for a share for share exchange. The company commenced to trade on 1 January 2010 and these accounts include the trade of the company and its acquired subsidiaries from this date.

The principal activity of the company is to lease plant and equipment to its subsidiaries.

The principal activities of the group during the period is that of hazardous waste management operating at sites in Stoke-on-Trent and Fife.

RESULTS AND DIVIDENDS

The results for the period are shown on page 7.

The directors do not recommend the payment of a final dividend. Dividends paid in the period totalled £nil.

REVIEW OF THE BUSINESS

The global recession continued to represent the most influential impact on the performance of the group, given the influence of the manufacturing and automotive sectors of the economy. However, significant confidence and recovery in these sectors in the last quarter of the year sets out optimism for the future.

The directors believe that the group has performed at a satisfactory level, given the impact of market forces.

KEY PERFORMANCE INDICATORS

Turnover for the group has remained steady against the previous year despite the recessionary impact felt through 2009 and into 2010. The associated cost of sales increased slightly in the early part of the year but a cost reduction plan implemented in the summer brought the company back into profitable trading by August, where it remained for the remainder of the period.

The group also measures and monitors enquiry levels, business retention levels and new business won in addition to monitoring existing customer analysis, as external commercial indicators of performance.

Internal indicators include ongoing cost analysis along with constantly updated and improved management systems. Internal audit systems and robust checks further validate these systems.

Trading has remained strong into the following year and the group is now demonstrating good profitability. Turnover is improved on 2010 results and the directors are satisfied with the performance and results achieved to date and the outlook for 2011 is good.

Red Industries Holdings Limited

DIRECTORS' REPORT

RISKS AND UNCERTAINTIES

Economic and Political Climate

Continuing recessionary pressures, especially related to manufacturing, provide the key commercial risks and uncertainties to the group. Close monitoring of external commercial indicators of performance ensures the group is well placed to manage this risk.

Regulatory Environment

The group is subject to stringent environmental legislation. Impacted by National and European legislative frameworks. The group is regulated by and works closely with the Environment Agency to ensure such wide-ranging regulations are met.

The group has triple BSI accreditation and undergoes extensive audit checks for BSI9001, BSI14001 & BSI18001 provide external certification and verification of the robustness of systems.

The company is also a committed member of the Responsible Care Programme under its membership of the Chemical Industries Association.

Financial Instruments

- Credit. Following the £75k bad debt incurred in the first half of the period that drove the majority of the reported group loss, the credit control function was intensively reviewed and new credit checking, scoring and credit management systems implemented that have resulted in no further bad debts to date.

- Cash Flow. Cash forecasts are prepared regularly and monitored to cover any foreseeable funding needs.

- Liquidity. The group has adequate financial support through its current financing arrangements and banking facilities. Inter-company support is provided as necessary throughout the group and shareholder support is provided as may be required from time to time.

- Gearing. A number of leasing arrangements expired in the period and more were due to do so shortly thereafter, thus reducing the level of gearing within the group that further supports the balance sheet as we move slowly away from recessionary pressures.

FUTURE DEVELOPMENT

The group continues to pursue growth via both organic and acquisitive means. Potentially suitable acquisitions within the environmental sector are actively sought and analysed for integration into the group, whilst new and innovative technologies are frequently assessed with a view to providing competitive advantage.

CHARITABLE CONTRIBUTIONS

Donations to UK charities amounted to £2,731. The nature of these donations is principally to local sporting organisations.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 31 December 2010 would significantly exceed the net book value included in the financial statements, but they are unable to quantify the excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Group's intention to retain ownership of its existing properties for use in its business for the foreseeable future.

Red Industries Holdings Limited

DIRECTORS' REPORT

DIRECTORS

The directors who held office during the period are as follows

A Share (appointed 31 December 2009)
P Ratchiffe (appointed 31 December 2009)
DJ Scott (appointed 31 December 2009)
JM Clewes (appointed 1 August 2010)
A Scheland (appointed on incorporation and resigned 31 December 2009)

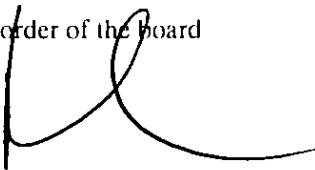
AUDITORS

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditors by the company. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



A Share
Director

9 September 2011

Red Industries Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

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

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

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 31. 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 more fully explained in the Directors' Responsibilities Statement set out on page 5, 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss for the 388 day period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

Anne Lakin (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

9 September 2011

Red Industries Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the 388 day period ended 31 December 2010

	Note	388 days ended 31 December 2010 £
TURNOVER	1	6,877,261
Cost of sales		(4,818,793)
GROSS PROFIT		2,058,468
Administrative expenses		(2,130,429)
OPERATING LOSS		(71,961)
Interest payable and similar charges	2	(75,556)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2-5	(147,517)
Taxation	6	45,490
LOSS FOR THE FINANCIAL PERIOD	16	(102,027)

The turnover and operating loss for the period arises from the group's continuing operations, which were all acquired during the period

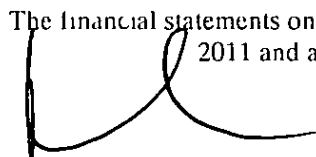
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Red Industries Holdings Limited
CONSOLIDATED BALANCE SHEET
as at 31 December 2010

	Note	At 31 December 2010
		£ £
FIXED ASSETS		
Intangible assets	7	1,141,693
Tangible assets	9	1,702,683
		2,844,376
 CURRENT ASSETS		
Debtors	11	1,803,192
Cash at bank and in hand		52,300
		1,855,492
 CREDITORS Amounts falling due within one year	12	(2,791,015)
NET CURRENT LIABILITIES		(935,523)
 TOTAL ASSETS LESS CURRENT LIABILITIES		
		1,908,853
 CREDITORS Amounts falling due after more than one year	13	(996,151)
 PROVISIONS FOR LIABILITIES	14	(29,920)
NET ASSETS		882,782
CAPITAL AND RESERVES		
Called up share capital	15	1,000
Revaluation reserve	16	53,871
Share based payment reserve	16	32,210
Merger reserve	16	897,728
Profit and loss account	16	(102,027)
SHAREHOLDERS' FUNDS		882,782

The financial statements on pages 7 to 31 were approved by the board and authorised for issue on 2011 and are signed on its behalf by

9 September



A Share
Director

Company Registration No 07099708

Red Industries Holdings Limited

COMPANY BALANCE SHEET

as at 31 December 2010

	Note	At 31 December 2010	
		£	£
FIXED ASSETS			
Tangible assets	9	363,145	
Investments	10	1,540,241	
			1,903,386
CURRENT ASSETS			
Debtors	11	9,683	
Cash at bank and in hand		5	
			9,688
CREDITORS Amounts falling due within one year	12	(220,163)	
NET CURRENT LIABILITIES			(210,475)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,692,911
CREDITORS Amounts falling due after more than one year	13		(1,656,387)
PROVISION FOR LIABILITIES	14		(54)
NET ASSETS			36,470
CAPITAL AND RESERVES			
Called up share capital	15		1,000
Share based payment reserve			32,210
Profit and loss account	16		3,260
SHAREHOLDERS FUNDS			36,470

The financial statements on pages 7 to 31 were approved by the board and authorised for issue on 2011 and are signed on its behalf by

9 September



A Share
Director

Company Registration No 07099708

Red Industries Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the 388 day period ended 31 December 2010

	Note	388 days ended 31 December 2010	
		£	£
CASH FLOW FROM OPERATING ACTIVITIES	20		362,663
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(75,556)	
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(75,556)
TAXATION			(162,149)
CAPITAL EXPENDITURE			
Purchase of intangible assets		(11,294)	
Purchase of tangible fixed assets		(76,685)	
Sale of tangible fixed assets		9,122	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE			(78,857)
CASH INFLOW BEFORE FINANCING			46,101
FINANCING			
Issue of ordinary share capital		1,000	
Capital repayments of bank loans		(170,733)	
Net movements of obligations under finance lease		39,492	
Net movement on directors' loans		(86,461)	
Net movement in factor advances		142,707	
NET CASH OUTFLOW FOR FINANCING			(73,995)
DECREASE IN CASH IN THE PERIOD	21, 22		(27,894)

Red Industries Holdings Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the 388 day period ended 31 December 2010

	Note	Group 388 day ended 31 December 2010 £	Company 388 day ended 31 December 2010 £
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(102,027)	3,260
Share based payments		32,210	32,210
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS		(69,817)	35,470
Shares issued in the period	15	1,000	1,000
Merger accounting		951,599	-
CLOSING SHAREHOLDERS' FUNDS		882,782	36,470

NOTE OF HISTORICAL COST PROFIT AND LOSSES

for the 388 day period ended 31 December 2010

	Group 388 day ended 31 December 2010 £	Company 388 day ended 31 December 2010 £
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(147,517)	3,314
Difference between historical cost depreciation and the actual depreciation charge	-	-
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(147,517)	3,314
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(102,027)	3,260

Red Industries Holdings Limited

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company and group financial statements

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and in accordance with applicable United Kingdom accounting standards

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

As the group consists of only Red Industries Holdings Limited and its wholly owned subsidiaries, the company and group has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group and are 100% controlled

GOING CONCERN

The group has maintained its trading position given the poor economic environment experienced over the last twelve months with the loss incurred in the period being driven largely by a bad debt impact of £75,000. This loss, attributed to companies who were also direct competitors as well as customers, has given rise to new commercial opportunities. 2011 already demonstrates strong trading and profitable, above forecast results.

The group closely monitors its disposal costs, its environmental regulations and overhead costs. During 2010 a cost management reduction programme was successfully undertaken with costs being reduced wherever possible.

The group has prepared forecasts detailing their ongoing ability to trade profitably. These forecasts take into account the key business risks which remain the further recessionary impact on customers businesses, level of environmental legislation and cost of waste disposal.

The group has suitably adequate finance facilities, including an invoice discounting facility and an agreed overdraft and shareholder support. The directors are not aware of any reason why these might be withdrawn and as a result they have adopted the basis of going concern.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Red Industries Holdings Limited and its subsidiary undertakings. Subsidiaries acquired are consolidated using the acquisition method and their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in the subsidiary and the fair value of the separable net assets acquired is capitalised as purchased goodwill or negative goodwill and amortised through the profit and loss account over its estimated economic life or matched to the life of the assets where it relates to negative goodwill. Provision is made for any impairment. The consolidation includes results of subsidiaries for the 365 day period ended 31 December 2010.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements merge the financial statements of those undertakings which are owned by the shareholders of Red Industries Holdings Limited as if they had always so been owned. Accordingly, in those years when mergers take place, the whole of the results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date. Corresponding figures have not been restated as this is the first year of trading for Red Industries Holdings Limited.

Red Industries Holdings Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS

The directors have considered each constituent component of intangible assets separately to determine the appropriate amortisation in order that the financial statements provide a true and fair view

Purchased goodwill representing the excess of the purchase price compared with the fair value of the net assets acquired is capitalised and amortised over 20 years

Intangible fixed assets relating to the capitalisation of the IPPC license fee are amortised over 20 years, being their expected useful lives. Other licence fees acquired are capitalised and amortised over 10 years

TANGIBLE FIXED ASSETS

Fixed assets, other than land and freehold properties, are stated at historical cost less any provision for depreciation or impairment

Freehold properties are revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified Chartered Surveyors on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors every five years and an interim valuation in year three

Depreciation is provided on tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows -

Land	-	No depreciation
Freehold buildings and property improvements	-	2% - 5% straight line
Leasehold improvements	-	Over the life of the lease
Plant, machinery and motor vehicles	-	5% - 25% per annum on cost
Fixtures, fittings, tools and equipment	-	25% per annum on cost

INVESTMENTS

Fixed asset investments are stated at cost less any provision for impairment losses

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research and development is written off against profit in the year in which it is incurred

DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

No deferred tax is provided on the revaluation of land as no disposal of the property is planned

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Deferred tax assets are recognised only if the recoverability can be assessed with certainty

Red Industries Holdings Limited

ACCOUNTING POLICIES

LEASED ASSETS AND OBLIGATIONS

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 obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSION COSTS

The group operates a defined contribution scheme. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

SHARE BASED PAYMENTS

Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. Changes in fair value are recognised through the profit and loss account.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share based payments. Changes in fair value are recognised through the profit and loss account.

A reserve called share based payments is maintained in respect of the group's share option plan.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers in undertaking the principal activity of the group as described in the directors' report.

Income is recognised in the financial statements at the date waste is received from customers.

CASH

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

1 SEGMENTAL REPORT

Turnover and operating loss arises from the group's principal activities and are derived in the UK

2 INTEREST PAYABLE AND SIMILAR CHARGES

	388 days ended 31 December 2010 £
On bank loans and overdraft	17,576
Finance lease and interest charges	45,122
Factors charges and interest	12,858
	75,556

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	388 days ended 31 December 2010 £
Loss on ordinary activities before taxation is stated after charging	
Depreciation and other amounts written off tangible fixed assets	
Charge for the period	
Owned assets	126,884
Leased assets	131,907
Amortisation	74,969
Operating lease rentals	
Land and buildings	120,000
Plant and machinery	64,584
Auditor services	
- Statutory audit of parent and consolidated accounts	3,050
- Audit of subsidiaries	17,125
Loss on sale of fixed assets	18,451
Research and development expenditure	201,345

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

4 STAFF NUMBERS AND COSTS

The average number of persons employed by the group during the period (including directors) was as follows

	388 days ended 31 December 2010 Number
Management and administration	34
Operations	39
	73

The aggregate payroll costs of these persons were as follows

	388 days ended 31 December 2010 £
Wages and salaries	1,521,462
Social security costs	147,818
Other pension costs	87,677
Cost of employee share schemes	3,887
	1,760,844

Red Industries Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the 388 day period ended 31 December 2010

5 DIRECTORS' REMUNERATION

	388 days ended 31 December 2010 £
Emoluments	151,974
Contributions to money purchase pension schemes	65,119
	<u>217,093</u>

	388 days ended 31 December 2010 Number
Retirement benefits are accruing to the following number of directors under	
Money purchase pension schemes	<u>2</u>

Directors emoluments disclosed include the following payments in respect of the highest paid director

	388 days ended 31 December 2010 £
Directors' emoluments	98,018
Money purchase pension schemes	13,221
	<u>111,239</u>

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

6 TAXATION

	388 days ended 31 December 2010 £
Current tax	
UK corporation tax on losses of the period	-
Adjustment in respect of previous period	(13,031)
Total current tax	(13,031)
Deferred tax	
Origination and reversal of timing differences	(30,345)
Adjustments in respect of previous periods	(2,114)
Total deferred tax	(32,459)
Tax credit on losses on ordinary activities	(45,490)

	388 days ended 31 December 2010 £
Factors affecting tax charge for the period	
The tax assessed for the period is higher than the standard rate of corporation tax in the UK 21% as explained below	
Loss on ordinary activities before tax	(147,517)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 21%	(30,979)
Effects of	
Expenses not deductible for tax purposes	35,016
Capital allowances less than of depreciation	3,516
Adjustment in respect of previous periods	(13,031)
Additional relief in respect of research and development claims	(42,283)
Losses carried forward	34,730
Current tax credit for the period	(13,031)

Red Industries Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the 388 day period ended 31 December 2010

7 INTANGIBLE FIXED ASSETS

GROUP	Licence fees £	Goodwill £	Total £
<i>Cost</i>			
At date of acquisition	83,622	1,343,108	1,426,730
Additions	6,286	5,008	11,294
At end of period	89,908	1,348,116	1,438,024
<i>Amortisation</i>			
At date of acquisition	15,517	205,845	221,362
Charge for period	6,174	68,795	74,969
At end of period	21,691	274,640	296,331
<i>Net book value</i>			
At 31 December 2010	68,217	1,073,476	1,141,693

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

8 ACQUISITIONS

On the 31 December 2009 Red Industries Holdings Limited acquired the shares of Red Industries Limited and its associated subsidiaries, Red Industries (Scotland) Limited, Red Tankers Limited, Ecolink Waste Management Limited, Link TS Limited and Linkwaste Limited for a share for share exchange. The assets and liabilities at the date of acquisition into the group were

	Red Industries Limited	Red Industries (Scotland) Limited	Red Tankers Limited	Eco Link Waste Management Limited	Total
	£	£	£	£	£
Intangible assets	15,865	-	-	-	15,865
Tangible assets	77,295	139,095	563,441	7,790	787,621
Investments	201,125	-	-	-	201,125
Current assets	2,861,431	159,549	165,204	137,584	3,323,768
Current liabilities	(3,008,693)	(311,441)	(402,162)	(93,141)	(3,815,437)
Long term liabilities	-	(67,174)	(298,943)	-	(366,117)
	<u>147,023</u>	<u>(79,971)</u>	<u>27,540</u>	<u>52,233</u>	<u>146,825</u>
Consideration	<u>1,168,070</u>	<u>201,000</u>	<u>37,004</u>	<u>83,859</u>	<u>1,489,933</u>
Goodwill arising on acquisition	1,021,047	280,971	9,464	31,626	1,343,108
Amortisation to 31 December 2009	<u>(151,035)</u>	<u>(52,869)</u>	<u>(355)</u>	<u>(1,586)</u>	<u>(205,845)</u>
Net book value at 31 December 2009	870,012	228,102	9,109	30,040	1,137,263
Fair value adjustment	(3,887)	8,895	-	-	5,008
Amortisation to 31 December 2010	<u>(51,051)</u>	<u>(14,098)</u>	<u>(473)</u>	<u>(3,173)</u>	<u>(68,795)</u>
Net book value at 31 December 2010	<u><u>815,074</u></u>	<u><u>222,899</u></u>	<u><u>8,636</u></u>	<u><u>26,867</u></u>	<u><u>1,073,476</u></u>

The results of the subsidiaries for the period from date of acquisition to 31 December 2010 are as disclosed in the financial statements as the holding company was dormant prior to this date

The corresponding amounts relating to previous year's consolidated accounts have not been disclosed as the group was incorporated on 9 December 2009, and exemptions were claimed in prior periods on the basis of group size

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

9 TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings £	Leasehold improvements £	Plant, machinery and motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
<i>Cost or valuation</i>					
At date of acquisition					
- Cost	171,788	514,107	1,401,279	162,248	2,249,422
- Valuation	450,000	-	-	-	450,000
Additions	5,830	6,225	62,522	2,108	76,685
Disposals	-	-	(52,039)	-	(52,039)
At end of period					
- Cost	177,618	520,332	1,411,762	164,356	2,274,068
- Valuation	450,000	-	-	-	450,000
	627,618	520,332	1,411,762	164,356	2,724,068
<i>Depreciation</i>					
At date of acquisition	29,129	58,694	595,707	103,530	787,060
Charged in the period	8,489	25,186	198,009	27,107	258,791
Disposals	-	-	(24,466)	-	(24,466)
At end of period	37,618	83,880	769,250	130,637	1,021,385
<i>Net book value</i>					
At 31 December 2010	590,000	436,452	642,512	33,719	1,702,683

Included in freehold land and buildings is £450,000 which relates to land which is not subject to depreciation

Assets held under finance leases and similar hire purchase contracts included above, are as follows

	Net book value	Depreciation charge
	At 31 December 2010 £	At 31 December 2010 £
Plant, machinery and motor vehicles	376,607	131,907

The group owns land which is held in the financial statements at a valuation. The land is valued at £200,000 and £250,000 and is held by Red Industries (Scotland) Limited and Red Tankers Limited respectively

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

9 TANGIBLE FIXED ASSETS (continued)

The land held by Red Industries (Scotland) Limited was revalued on 23 May 2008 by Graham and Sibbald, Chartered Surveyors, on an existing use open market value basis at £200,000. The valuation had been carried out in accordance with the guidance notes issued by the Royal Institute of Chartered Surveyors for asset valuations. The historical cost of this revalued asset is £125,655 and the historical net book value is £115,404.

The freehold land held by Red Tankers Limited was valued by GVA Grimley on 1 January 2009 at £250,000. The original cost and net book value of this land was £271,223.

Particulars relating to revalued fixed assets are given below

	2010 £
Open market value	450,000
Aggregate depreciation thereon	-
Net book value	450,000
Historical cost of revalued assets	396,878
Aggregate depreciation based on historical cost	(10,251)
Historical cost net book value	386,627

COMPANY

	Plant and machinery, equipment and motor vehicles £
<i>Cost</i>	
Transfers from group undertakings	633,958
Addition	2,670
At end of period	636,628
<i>Depreciation</i>	
Transfer from group undertakings	168,291
Depreciation	105,192
At end of period	273,483
<i>Net book value</i>	
At 31 December 2010	363,145

The net book value of tangible fixed assets includes £335,955 in respect of assets held under finance leases. The depreciation charge in respect of these assets was £103,324.

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

10 INVESTMENTS

COMPANY	Shares in group undertakings £
<i>Cost and net book value</i>	
Additions	1,540,241
At end of period	1,540,241

The company holds more than 20% of the equity of the following subsidiary undertakings

	<i>Class of holding</i>	<i>Percentage</i>		<i>Principal activity</i>
		Group	Company	
Red Industries Limited	Ordinary	100%	100%	Operation of a chemical waste management station
Red Industries (Scotland) Limited	Ordinary	100%	100%	Operation of a chemical waste management station
Red Tankers Limited	Ordinary	100%	100%	Haulage contracting
Linwaste TS Limited	Ordinary	100%	-	Dormant
Linkwaste Limited	Ordinary	100%	-	Dormant
Eco Link Waste Management Limited	Ordinary	100%	-	Dormant

11 DEBTORS

	Group 31 December 2010 £	Company 31 December 2010 £
Trade debtors	1,646,758	-
Amounts due from group undertakings	-	9,683
Corporation tax	1,573	-
Other debtors	57,957	-
Prepayments and accrued income	96,904	-
	<u>1,803,192</u>	<u>9,683</u>

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

12 CREDITORS Amounts falling due within one year

	Group 31 December 2010 £	Company 31 December 2010 £
Bank overdraft	140,139	-
Bank loans (see note 13)	49,334	-
Factors advance (see note 13)	586,433	-
Obligations under finance leases and similar hire purchase contracts (see note 13)	140,711	120,550
Trade creditors	1,211,936	-
Amounts owed to group undertakings	-	94,516
Other taxation and social security costs	161,988	2,097
Other creditors	14,274	-
Accruals and deferred income	277,966	3,000
Amounts due to Share Properties Limited	92,398	-
Directors' loans (see note 13)	115,836	-
	<u>2,791,015</u>	<u>220,163</u>

13 CREDITORS Amounts falling due after more than one year

	Group 31 December 2010 £	Company 31 December 2010 £
Bank loans	2,096	-
Obligations under finance leases and similar hire purchase contracts	163,507	156,387
Directors' loans	830,548	-
Amounts owed to group undertakings	-	1,500,000
	<u>996,151</u>	<u>1,656,387</u>

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

13 CREDITORS Amounts falling due after more than one year (continued)

Bank loans are analysed as follows

GROUP	31 December 2010 £
In one year or less	49,334
In more than one year but not more than two years	2,096
	51,430

On 6 April 2006 a debenture was issued for Svenska Handelsbanken Ab (publ) over all monies due and future indebtedness of the business, and a charge over the legal mortgage on the property improvements and plant in Red Industries Limited

On 23 November 2007 this mortgage security was extended to cover any monies held in the Red Industries Limited's current account on deposit of £15,500

A charge by way of debenture was created for Close Invoice Finance Limited over the trade debtors of the business, together with a fixed charge over the freehold improvements, plant and fixtures and fixed charge over the future fixed assets of the business

Under a factoring agreement the trade debtors of £1,614,136 were assigned

On 20 November 2008 a fixed equitable charge and a fixed charge were issued for Svenska Handelsbanken AB (publ) over the fixed assets of the company, including goodwill and licenses

On 21 September 2009 Mr A Share gave a personal guarantee to Svenska Handelsbanken AB (publ) to a maximum of £80,000

On 20 December 2010 a bank guarantee was given to the Environment Agency for £8,731

Obligations under finance leases and hire purchase contracts are secured against the underlying assets as disclosed in note 9

One of the bank loans is secured against the property in Kinglassie in Scotland

Red Industries Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the 388 day period ended 31 December 2010

13 CREDITORS Amounts falling due after more than one year (continued)

	Group 31 December 2010 £	Company 31 December 2010 £
Obligations under finance leases and similar hire purchase contracts is analysed as follows		
Within one year	140,711	120,550
Within two to five years	163,507	156,387
	<u>304,218</u>	<u>276,937</u>
Directors' loans analysis of the loans		
	Group 31 December 2010 £	Company 31 December 2010 £
In one year or less or on demand	115,836	-
In more than one year but no more than two years	27,363	-
In more than two years but no more than five year	112,240	-
In more than five years	74,808	-
No set instalments terms	616,137	-
	<u>946,384</u>	<u>-</u>

In the directors' loan is an amount of £240,247 repayable by monthly instalments with interest charged at base rate plus 4% and is secured against part of the property in Sneyd Hill. There is also an amount of £616,137 which has no set instalment terms, although the directors have confirmed that this amount is not repayable within the next 12 months. The loans are provided by the directors A Share and P Ratchlife.

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

14 PROVISIONS FOR LIABILITIES

DEFERRED TAXATION

	Group 31 December 2010 £	Company 31 December 2010 £
At date of acquisition	62,379	-
(Credit)/charge in the period	(32,459)	54
At end of period	<u>29,920</u>	<u>54</u>

The amounts provided and unprovided for deferred taxation are set out below

	Group 31 December 2010		Company 31 December 2010	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and amortisation and capital allowances	65,335	-	54	-
Losses	(35,415)	(104,862)	-	-
	<u>29,920</u>	<u>(104,862)</u>	<u>54</u>	<u>-</u>

Certain tax losses have not been recognised as an asset as the timing of their recoverability cannot be assessed with certainty

15 CALLED UP SHARE CAPITAL

	At 31 December 2010 £
Allotted, called up and fully paid 100,000 ordinary A shares of 1p each	<u>1,000</u>

On 9 December the company allotted 1 share of £1 and on 29 December this ordinary share of £1 was sub-divided into 100 shares of £0 01 pence each

On 8 January 2010 the company allotted 99,900 shares of £0 01 each to bring the ordinary shares to 100,000 ordinary shares of £0 01 each

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

16 RESERVES

	Share based payment reserve £	Merger reserve £	Revaluation reserve £
At date of acquisition	28,323	-	53,871
Arising on acquisition	-	897,728	-
Charged in period	3,887	-	-
At end of period	32,210	897,728	53,871
		Group Profit and loss account £	Company Profit and loss account £
(Loss)/profit for the financial period		(102,027)	3,260
At end of period		(102,027)	3,260

17 SHARE BASED PAYMENTS

Equity-settled Share Option Plan

The plan provides for a grant price of £1.52 on the date of grant. The vesting period is seven years. If options remain unexercised after a period of ten years from the date of grant, the options expire.

Furthermore, options are forfeited if the employee leaves the group before the options vest.

The group has granted options to a number of employees in respect of ordinary shares of 1p each.

Issued	At date of acquisition	Granted in period	Lapsed in period	Exercised in period	At end of period	Weighted average exercise price £	Weighted average life Years
	£	£	£	£	£	£	Years
31 December 2006	8,696	-	-	-	8,696	1.52	7

In June 2010 the share options were transferred from Red Industries Limited to its holding company Red Industries Holdings Limited.

The options outstanding at 31 December 2010 had an exercise price of £1.52 and a remaining contractual life of 7 years.

In 2011 a new option was granted for 2,174 shares.

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

17 SHARE BASED PAYMENTS (continued)

The inputs into the Black-Scholes option pricing model are as follows

	2010
Fair value at date of grant	£7 60
Weighted average exercise price	£1.52
Expected volatility	30%
Expected life	7 years
Risk-free rate	4.2%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of a comparable business

The expected life used in the model has been adjusted, based upon the management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations

During 2010 the group recognised total equity-settled share-based payment expenses of £3,887

18 FINANCIAL COMMITMENTS

- a) There were capital commitments at the end of the financial period amounting to £10,178
- b) Annual commitments under non-cancellable operating leases are as follows

	31 December 2010	
	Land and buildings	Other
	£	£
<i>Operating leases which expire</i>		
Within one year	-	9,029
In the second to fifth years inclusive	120,000	45,709
	120,000	54,738

19 PENSION SCHEME

The group operates a defined contribution personal pension plan. The pension cost charge for the period represents contributions payable by the company to the fund amounted to £87,677

All the balance sheet date the balance of £40,000 was payable to the pension scheme

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

20 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

388 day
period ended
31 December
2010
£

Operating loss	(71,961)
Depreciation	258,791
Amortisation	74,969
Loss on sale of fixed assets	18,451
Decrease in stock	1,000
Increase in debtors	(238,367)
Increase in creditors	319,780
NET CASH FLOW FROM OPERATING ACTIVITIES	362,663

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

£

Decrease in cash in the period	(27,894)
Cash outflow from reduction in debt	74,995
MOVEMENT IN NET FUNDS IN THE PERIOD	47,101
Net debt acquired	(2,023,405)
NET DEBT AT 31 December 2010	(1,976,304)

22 ANALYSIS OF NET DEBT

	Acquired on acquisition £	Cashflow £	At 31 December 2010 £
Cash at bank and in hand	16,207	36,093	52,300
Bank overdraft	(76,152)	(63,987)	(140,139)
	(59,945)	(27,894)	(87,839)
Factors advance	(443,726)	(142,707)	(586,433)
Bank loans	(222,163)	170,733	(51,430)
Directors' loans	(1,032,845)	86,461	(946,384)
Obligations under finance leases and simil hire purchase agreements	(264,726)	(39,492)	(304,218)
NET DEBT	(2,023,405)	47,101	(1,976,304)

Red Industries Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 388 day period ended 31 December 2010

23 RELATED PARTY TRANSACTIONS

The group leases its property from a company under the control of A Share and P Ratchiffe. The lease cost in the period was £120,000. The amount due to Share Properties Limited at the period end was £92,398.

A management charge was levied to this company during the period of £40,000.

During the period the group received loans and repaid loans to/from shareholders as follows:

	Received	Repaid	Amount outstanding at 31 December 2010
	£	£	£
A Share	50,000	145,000	672,637
P Ratchiffe	50,000	70,000	240,247
D Scott	30,000	-	30,000
A Clapperton	-	-	3,500
			946,384

The directors consider all transactions to be on an arms length basis.

24 CONTROLLING INTEREST

Red Industries Holdings Limited is under the joint control of A Share, D Scott and P Ratchiffe.