Company No: 05388153

ERUMA PLC

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

JEFFREYS HENRY LLP
Finsgate
5 –7 Cranwood Street
London EC1V 9EE

ERUMA PLC

COMPANY INFORMATION

Registered Office	Unit 4 Shepherdess Walk Buildings Underwood Street London N1 7LG
Directors	David Alexander Kevin Coffey Alan Davis Wayne Money Brian Wilkins
Company Secretary	Wayne Money
Broker and Nominated Advisor	finnCap Ltd 4 Coleman Street London EC2R 5TA
Solicitors to the Company	Reynolds Porter Chamberlain Tower Bridge House St. Katharine's Way London E1W 1AA
Auditors	Jeffreys Henry LLP Finsgate 5 – 7 Cranwood Street London EC1V 9EE
Principal Bankers	NatWest Bank Plc 2 - 3 Upper Street Islington London N1 0PH
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Website	www.erumaplc.com

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Chairman's Report

Introduction and Financial Results

Eruma plc, as a specialist solutions provider of counter terrorism, intruder prevention and intelligent emergency lighting and energy saving products, has the ability to save lives, reduce risk, prevent disruption and loss, and dramatically reduce energy consumption and consequently the ongoing operating costs of businesses. We believe this represents a compelling proposition to any organisation seeking innovative ways to improve their businesses performance and protect their assets.

During 2009 we continued to take our products and message to market in line with our business plan which is designed to achieve operational profitability and further expansion of our addressable market and portfolio of solutions. Whilst we did not achieve operational profitability we achieved some significant milestones throughout the year that demonstrate significant progress towards our goals. In 2009 we achieved in comparison to 2008 the following

- a 47% increase in revenue from £658,000 to £966,000
- a 59% increase in gross profit from £217,000 to £346,000
- an improvement in gross profit percentage from 33% to 36%
- a 26% reduction in distribution and administration expenses
- a 36% reduction in our loss before tax from £1.48 million to £945,000
- a 50% reduction in loss per share (basic and fully diluted)

We made much progress in the period in forging new partnerships both in the UK and overseas. This combined with significant new contracts wins for our intelligent lighting, counter terrorism and intruder prevention solutions and the raising of additional working capital provided for a strong platform to finish the year off.

We made improvements to our operational efficiency and production processes which improved our gross profit percentage overall. This was further helped by better tracking systems for development expenditure across the whole business.

In the final quarter of the year we saw a slow down in sales orders but an increase in our pipeline of business across all products. Our analysis of this issue suggested a slight blip in economic confidence within the market and decisions began to slip on key contracts. Many of the contracts that were delayed have subsequently converted to orders in 2010.

Unfortunately, like many other businesses, we were impacted severely by the adverse weather conditions that started in mid December in the United Kingdom. This frustrated our efforts to complete new sales and critically to install orders already placed by customers. This was due in most part to closure of customer facilities and lack of accessibility to key decision makers in relation to new business. This placed a significant burden on the business in terms of cash flow and put pressure on our working capital.

In spite of these challenges the directors and employees of Eruma plc and its subsidiaries continued to demonstrate total commitment to the success of the business and servicing customers requirements.

Security Blinds

Our subsidiary Security Blinds Ltd. is a manufacturer of physical systems providing protection from multiple threats ranging from burglary, ram raids, to blasts from terrorist attacks and other forms of explosions. Throughout the reporting period Eruma has continued to seek improvements in our core Secur™ product range and develop extensions to the range such as our new Anti Ram Raid Gate product was officially launched in August 2009. This product makes it very difficult for intruders to break into organisations that have roller shutters installed. The new product has been enthusiastically

Chairman's Statement (continued)

received by organisations with distribution centres and warehousing facilities, who currently experience major loss of stock due to "ram-raid" style tactics being used to gain entry to premises. Many suffer multiple raids on a regular basis. Our solution can be installed retrospectively in existing facilities or as part of the design of a new facility.

We pushed forward with our plans to open up international markets, especially where the continued and growing threat of terrorism is a reality on a daily basis saw a significant increase in our sales pipeline. We have recruited a number of agents and partners in specific regions around the world. We have seen the rewards for these efforts begin to materialise in 2010 with receipt of orders from new customers. Much of the investment and work in relation to developing these customers was completed during 2009.

Illuminex

Our subsidiary Illuminex Ltd, is a manufacturer of intelligent lighting solutions that reduce costs through saving energy and reducing carbon footprint of organisations using them. Throughout the period we continued our investment in the Illuminex Xscape product portfolio of intelligent emergency lighting solutions and added added further LED and Induction lighting based solutions to the portfolio in order to offer a broader solution set to meet clients requirements for total lighting solutions.

The scope and size of the projects we have been bidding for has increased significantly and our decision to add a direct sales channel targeting end user organisations has resulted in significant increase in interest in our solutions and the award of a number of pilot projects and new contracts which will deliver revenue in 2010.

We successfully qualified our products to be eligible for Carbon Trust funding schemes such as Salix in the public sector and other schemes for the SME markets. We are now in a position to offer clients access to interest free funds to enable them to invest in our solutions sooner and realise the benefits they afford in protection and energy reduction.

We have invested in producing return on investment models and tools to help our customers understand the true cost of the energy and the total carbon foot print they generate from their lighting solutions and how our products can provide significant reductions in carbon footprint and running costs with payback periods that make for a compelling economic and environment argument in favour of investing in our solutions.

Fundraising

During the period the Company sought a number of means of raising additional working capital to support the business's operational requirements and journey towards operational profitability, this ranged from trade finance facilities, a convertible loan note and the issue of shares. The convertible loan note was struck in February 2009 for a maximum of £1million in multiples of £1,000. It was designed to enable people to invest in Eruma in the form of a loan with rights to convert the loan to shares in the business at an agreed price of 1.125pence at any point within a five year period. During the loan period we would pay interest of 10% annually on the loan. If and when an investor wished to convert the loan to equity they would also qualify for 1 warrant of Eruma stock at a strike price of 2.5pence for every four shares they converted. By the end of 2009 we had raised £315,000 in convertible loan notes of which £20,000 have already been converted to equity.

We raised £803,831 through the issue of 74,998,843 shares during the year at an average price of 1.132pence a share. This was broken down as follows £125,000 in July 2009 for 11,111,111 shares at 1.125 pence each and £670,338 in September 2009 for 59,585,600 shares at 1.125 pence each, £32,500 in November for 2,888,889 shares at 1.125 pence purchased by our Chief Executive and Sales and Marketing Director and a further £21,260 from two suppliers electing to take equity in the company at 555,555 shares at 1.125pence a share and 857,698 shares at 1.75pence a share.

Chairman's Statement (continued)

The Board

We have operated throughout the year without the appointment of a Finance Director, following the resignation of our Finance Director in February 2009. We have been supported by a management accountant who in conjunction with book keeping team, myself and Chief Executive have implemented and operated a management reporting solution for the business which has delivered a greater level of granularity and visibility of the businesses key performance indicators.

The board has remained stable and focused and committed to the execution of the business plan and the drive towards improved performance. Throughout the year the board members have made many personal sacrifices in the interest of the company and its shareholders including reductions in salary and I would personally like to thank each of them for their contribution and commitment in what can only be described as challenging yet exciting times.

We have begun the search for a Finance Director which we hope to appoint in 2010 once a suitable candidate has been found who can take over and develop further our management systems.

Structure

Following our decision to create a single sales and marketing function selling our whole range we have been pleased with the results which have delivered improved coverage and increased account penetration. We have decided to consolidate our two subsidiaries Security Blinds Limited and Illuminex Limited through the transfer of trade, assets, and liabilities into Eruma plc. This will reduce administration and audit costs significantly. This was implemented with effect from the 31st December 2009. We will continue to trade as a Security Blinds and Illuminex brands as these are established in their core markets.

Outlook

2009 was about turning the overall performance and trajectory of the business around following some extremely challenging economic circumstances that affected the markets we serve and the supply chain we use to create our products and solutions. Whilst we did not achieve operational profitability all of our other key indicators improved significantly.

We have seen significant upturn in our pipeline growth, our operational efficiency and the recognition of the value of our products to our customers. We are seeing increased volumes of repeat orders from existing clients where our solutions are designed in or specified as the standard solution, this is reducing our cost of sale. We have won major contracts already in 2010 that dwarf anything previously won and we have secured key international new business contracts for out counter terrorism, blast protection solutions.

We believe that 2010 is a critical year for the business in terms of a tipping point as our Illuminex product portfolio begins to deliver significant revenue to the business and generates cash, along with the continued growth of our security blinds portfolio of products both in the UK and critically internationally. We have already seen our orders for 2010 in the first five months of the year almost exceed the whole of 2009. However, in order for the business to deliver the growth in the order book it will need to secure further funding. The Board is therefore actively exploring potential sources of further financing for the Company.

We believe our business plan is sound and we only seek to accelerate its achievement and streamline our operational performance where ever possible.

David E Alexander
Non-Executive Chairman
10 June 2010

Directors' Report

The directors present their annual report and the audited financial statements for the year to 31 December 2009.

Principal activities

The principal activities of the Group are the manufacture and installation of security blinds and emergency lighting systems.

Review of business and future developments

A review of the Group's business during the financial period and its likely developments are given in the Chairman Report on page 2.

Group loss before tax for the financial period, prepared under accounting policies outlined on pages 20 to 44, was £945,000 (2008 - £1,475,000).

Following a review of the Group's businesses they have been reorganised. With effect from the close of business on 31st December 2009, the trade and assets and liabilities of Security Blinds Limited and Illuminex Limited were transferred to Eruma plc, which will continue to trade using the Security Blinds and Illuminex brands.

Key performance indicators

Revenue for 2009 was £966,000, compared to £658,000 for the previous year. Gross profit was £346,000 (36%) compared to £217,000 (33%) in 2008. The reasons for the increases are discussed in detail in the Chairman's Report on page 2.

Key risks and uncertainties

The directors are optimistic of continued revenue growth in 2010. In addition it is anticipated that there will be international growth due to our channel development in key markets.

Continuing improvement in the gross margin will be dependent on:

- Increasing sales volumes
- Controlling discounts
- Cost of raw materials
- No unforeseen negative events that could significantly impact the business

Proposed dividend

The directors do not recommended the payment of a dividend during the year.

Directors and directors' interest

The directors who held office during the year were as follows:
David Alexander
Phillip Barnett (resigned 07 June 2010)
Kevin Coffey
Alan Davis
Wayne Money
Barbara Spurrier (resigned 10 February 2009)
Brian Wilkins

Details of directors' beneficial interest in shares are as follows

	Ordinary shares of 1p	
	31 December 2009	**31 December 2008**
Philip Barnett	100,000	100,000
Kevin Coffey	4,150,000	4,150,000
Alan Davis	1,468,751	357,640
Wayne Money	15,425,773	13,647,995
Brian Wilkins	15,060,350	15,060,350

The beneficial holdings disclosed include, where applicable, the holdings of immediate family.

As at 31 December 2009 the Company had granted the following options and warrants to the directors of the company:

	Exercise Price per ordinary share	**Number of ordinary shares under option**	**Type**	**Grant Date**
David Alexander	6p	400,000	Warrants	20 June 2007
	1.125p	2,600,000	Warrants	17 March 2009
	1.4p	4,257,143	Warrants	29 October 2009
Philip Barnett	6p	400,000	Warrants	1 July 2005
	6p	600,000	Warrants	14 August 2006
	8p	300,000	Warrants	31 December 2006
	6p	450,000	Warrants	15 March 2007
	1.4p	1,071,429	Warrants	29 October 2009
Kevin Coffey	6.5p	1,076,923	Warrants	12 November 2007
	1.4p	3,107,143	Warrants	29 October 2009
Alan Davis	6p	400,000	Warrants	1 October 2005
	6p	600,000	Warrants	14 August 2006
	8p	300,000	Warrants	31 December 2006
	6p	750,000	Warrants	15 March 2007
	1.4p	4,482,857	Warrants	29 October 2009
Wayne Money	6p	666,667	Warrants	1 July 2005
	6p	1,000,000	Warrants	14 August 2006
	8p	1,000,000	Warrants	31 December 2006
	5p	1,666,667	EMI	19 June 2007
	6p	937,500	Warrants	15 March 2007
	1.4p	7,764,286	Warrants	29 October 2009
Brian Wilkins	6p	666,667	Warrants	1 July 2005
	6p	1,000,000	Warrants	14 August 2006
	8p	650,000	Warrants	31 December 2006
	5p	1,666,667	EMI	19 June 2007
	6p	750,000	Warrants	15 March 2007
	1.4p	4,301,286	Warrants	29 October 2009

Directors' Report (continued)

Political and charitable contribution

The group made no political or charitable contributions during the year.

Policy and practice on payment of creditors

The Group and Company policy, in relation to all of its suppliers, is to settle the terms of payments when agreeing the terms of the transaction and to abide by those terms as far as financial circumstances permit. The Group and the Company do not follow any code or statement policy. Creditor days at the end of the end of the year were 77 (2008 – 138) days.

Financial instruments

The Group's financial management objectives, strategy and policies are discussed in the notes to the accounts on pages 20 to 44.

Corporate Governance

The Company is not required to comply with the Code of Best Practice as set out in section 1 of the Combined Code appended to the listing rules of the Financial Services Authority as it is listed on AIM. All relevant decisions are taken by the full Board.

Directors' Responsibilities

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 year. Under that law the directors have, as required by the AIM Rules of London Stock Exchange, elected to prepare the group and parent financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. 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 Company and Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the group and parent company financial statements have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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 and as regards to the group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' Report (continued)

Substantial interests

As at 6 June 2010, the Company had been notified of the following beneficial interests in 3% or more of the issued share capital:

	Holdings %
J M Finn Nominees Ltd	26.27%
W Money	7.41%
B Wilkins	7.33%
The Bank of New York (Nominees)	7.28%
R Brooks	6.34%
Prism Nominees Ltd	3.55%

Indemnity of Officers

The company may purchase and maintain, for any director or officer, insurance against any liability and the company does maintain appropriate insurance cover against legal action brought against its directors and officers.

Publication of Accounts on Company's Website

Financial statements are published on the company's website. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibilities also extend to the financial statements contained therein.

Going Concern

After making appropriate enquiries, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Auditors

In accordance with Section 406 of the Companies Act 2006 a resolution reappointing Jeffreys Henry LLP as auditors is to proposed at the forthcoming General Meeting.

On behalf of the board

Wayne Money
Director

10 June 2010

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ERUMA PLC

We have audited the group and parent company financial statements (the "financial statements") of Eruma PLC for the year ended 31 December 2009 which comprise the statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of cash flow, consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Sections 495 and 496 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 auditors' 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 preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on 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 2009 and of the Group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ERUMA PLC (CONTINUED)

Opinion on the other matter prescribed by the Companies Act 2006

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.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we draw your attention to the consolidated statement of financial position on page 12 of the financial statements which indicates that the Group's current liabilities exceeded its current assets by £204,000 at 31 December 2009. These conditions along with other matters as set forth in Note 1 indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Sanjay Parmar
(Senior statutory auditor)
for and on behalf of Jeffreys Henry LLP,
Statutory Auditor

.....
5-7 Cranwood Street
London

10 June 2010

Statement of comprehensive income for the year ended 31 December 2009

	Notes	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Revenue	**3**	**966**	**658**
Cost of sales		(620)	(441)
Gross profit		**346**	**217**
Distribution expenses		(659)	(891)
Administrative expenses		(599)	(806)
Operating loss	**7**	**(912)**	**(1,480)**
Investment income	**4**	-	11
Finance costs	**5**	(33)	(6)
Loss before tax		**(945)**	**(1,475)**
Corporation tax	**6**	63	29
Loss for the year		**(882)**	**(1,446)**
Total comprehensive income for the year		**(882)**	**(1,446)**
Loss attributable to:			
Owners of the company		**(882)**	**(1,446)**
Total comprehensive income attributable to:			
Owners of the company		**(882)**	**(1,446)**
Loss per share	**9**		
From continuing operations			
Basic		(0.59p)	(1.19p)
Fully diluted		(0.48p)	(0.96p)

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Consolidated statement of financial position as at 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	**10**	63	77
Goodwill	**11**	1,472	1,472
Other intangible assets	**12**	698	595
		2,233	**2,144**
Current assets			
Inventories	**14**	109	211
Trade and other receivables	**15**	179	197
Cash and cash equivalents	**16**	4	49
		292	**457**
TOTAL ASSETS		**2,525**	**2,601**
EQUITY			
Capital and Reserves			
Share Capital	**19**	2,055	1,287
Share Premium	**20**	3,763	3,707
Retained earnings	**21**	(4,416)	(3,534)
TOTAL EQUITY		**1,402**	**1,460**
LIABILITIES			
Non-current liabilities			
Other non-bank loans	**18**	627	329
		627	**329**
Current liabilities			
Trade and other payables	**17**	456	812
Other loans		40	
		496	**812**
TOTAL LIABILITIES		**1,123**	**1,141**
TOTAL EQUITY AND LIABILITIES		**2,525**	**2, 601**

These financial statements were approved and authorised for issue by the board of directors on

10 June 2010 and were signed on its behalf by:

.....
W Money
Director

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Consolidated statements of changes in equity for the year ended 31 December 2009

	Share Capital £'000	Share Premium £'000	Retained Loss £'000	Total £'000
At 1 January 2008	1,094	2,799	(2,088)	1,805
Issue of share capital	193	908	-	1,101
Loss after tax for the year	-	-	(1,446)	(1,446)
At 1 January 2009	1,287	3,707	(3,534)	1,460
Issue of share capital	768	56	-	824
Loss after tax for the year	-	-	(882)	(882)
At 31 December 2009	2,055	3,763	(4,416)	1,402

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of the respective shares net of share issue expenses. Share issue expenses comprise a proportion of the costs incurred in respect of the offerings on the Alternative Investment Market of the London Stock Exchange.

Retained loss represents the cumulative loss of the Company attributable to equity shareholders.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Consolidated statement of cash flow for the year ended 31 December 2009

	31 December 2009 £'000	31 December 2008 £'000
Net cash utilised by operating activities	**(974)**	**(1, 050)**
Investing activities		
Interest received	-	11
Interest paid	(33)	(6)
Purchase of plant and equipment	(6)	(42)
Purchase of patents and trademarks	(14)	(51)
Capitalised product development cost	(139)	(285)
Net cash from investing activities	**(192)**	**(373)**
Cash flows from financing activities		
Proceeds on issue of shares	823	1,102
Proceeds on issue of convertible loan notes	298	-
Net cash from financing activities	**1,121**	**1,102**
Net cash (outflow)	**(45)**	**(321)**
Cash and cash equivalents at start of year	49	370
Cash and cash equivalents at end of year	**4**	**49**

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Notes to the consolidated statement of cash flow for the year ended 31 December 2009

	31 December 2009 £'000	31 December 2008 £'000
Operating activities		
Loss for the year	(912)	(1,480)
Adjustments for:		
Income tax received	63	29
Depreciation of property, plant and equipment	20	10
Amortisation of other intangible assets	50	2
Operating cash flow before movement in working capital	**(779)**	**(1,439)**
(Increase)/decrease in inventories	102	(137)
(Increase)/decrease in receivables	(145)	138
Increase/(decrease) in payables	(152)	388
Net cash outflow from operating activities	**(974)**	**(1, 050)**

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Company statement of financial position as at 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 £'000
Assets			
Non-current assets			
Property, plant & equipment	**10**	63	-
Other intangible assets	**12**	698	-
Investments	**13**	1,122	1,122
Loan to subsidiaries	**13**	2,987	2,562
		4,870	3,684
Current assets			
Inventories	**14**	109	-
Trade and other receivables	**15**	179	43
Cash and cash equivalents	**16**	4	-
		292	43
Total Assets		**5,162**	**3,727**
Equity			
Capital and reserves			
Share capital	**19**	2,055	1,287
Share premium	**20**	3,763	3,707
Retained loss	**21**	(1,779)	(1, 537)
Total equity		4,039	3,457
Liabilities			
Non-current liabilities			
Other non-bank loans	**18**	627	-
		627	-
Current liabilities			
Trade and other payables	**17**	456	270
Other loans		40	-
		496	270
Total liabilities		1,123	270
Total Equity and Liabilities		**5,162**	**3,727**

These financial statements were approved and authorised for issue by the board of directors on

10 June 2010 and were signed on its behalf by:

.....
W Money
Director

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Company statements of changes in equity for the year ended 31 December 2009

	Share Capital £'000	Share Premium £'000	Retained Loss £'000	Total £'000
At 1 January 2008	1,094	2,799	(1,092)	2,801
Issue of share capital	193	908	-	1,101
Loss after tax for the year	-	-	(445)	(445)
At 1 January 2009	1,287	3,707	(1,537)	3,457
Issue of share capital	768	56	-	824
Loss after tax for the year	-	-	(242)	(242)
At 31 December 2009	2,055	3,763	(1,779)	4,039

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of the respective shares net of share issue expenses. Share issue expenses comprise a proportion of the costs incurred in respect of the offerings on the Alternative Investment Market of the London Stock Exchange.

Retained loss represents the cumulative loss of the Company attributable to equity shareholders.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Company statement of cash flow for the year ended 31 December 2009

	31 December 2009 £'000	31 December 2008 £'000
Net cash utilised by operating activities	**(261)**	**(376)**
Investing activities		
Interest received	-	10
Transfer of plant and machinery from subsidiaries	(63)	-
Transfer of intangible assets from subsidiaries	(698)	-
Net cash from investing activities	**(761)**	**10**
Cash flows from financing activities		
Proceeds on issue of shares	823	1,102
Proceeds on issue of convertible loan notes	298	-
Loans to subsidiary companies	(424)	(1,096)
Transfer of non-bank loan from subsidiary	329	-
Net cash from financing activities	**1,026**	**6**
Net cash inflow/(outflow)	**4**	**(360)**
Cash and cash equivalents at start of year	-	360
Cash and cash equivalents at the end of the year	**4**	**-**

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Notes to the company statement of cash flow for the year ended 31 December 2009

	31 December 2009 £'000	31 December 2008 £'000
Operating activities		
Loss for the year	(216)	(455)
Adjustments for:		
Finance costs	(26)	-
Operating cash flow before movement in working capital	**(242)**	**(455)**
(Increase)/decrease in inventories	(109)	-
(Increase)/decrease in receivables	(142)	(19)
Increase/(decrease) in payables	232	98
Net cash outflow from operating activities	**(261)**	**(376)**

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2009

1. Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement, are disclosed within the accounting policies note.

Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the use of valuations for share-based payments. The principal accounting policies adopted are set out below.

The presentation currency is UK sterling, which is also considered the functional currency of the Group.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present one single comprehensive statement.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee that makes strategic decisions.

  Goodwill is allocated by management to groups of cash-generating units on a segment level.

  The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2008 have not been restated.

- IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009). It deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to

1. Significant accounting policies (continued)

grant date. All cancellations , whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (amendment) from 1 January 2009, subject to endorsement by the EU. It is not expected to have a material impact on the Group's financial statements.

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The Group does not have any joint ventures.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations from 1 January 2010.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The tandard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on Group's financial statements.

- FRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

1. Significant accounting policies (continued)

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- IAS 23 (amendment), 'Borrowing costs'.
- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount is determined based on the value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

b) Share based compensation

The fair value of options and warrants are determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

c) Estimates in Development Costs

The Group's accounting policy in respect of the capitalisation of development costs are explained in the accounting policies. However, estimates and assumptions have been used in determining certain items of development costs that have been capitalised. Where these estimates were made, the Directors consider them to be reasonable in light of the circumstances of the company.

d) Going Concern

The validity of the going concern assumption has been made on the basis of the group cash flow forecasts. These forecasts have been made in light of the information available and based on the Directors' view of the future plans of the group. Actual results could differ from forecasts.

1. Significant accounting policies (continued)

e) Value of Investments and Intercompany loan

The value of the investments held in the subsidiary and the recoverability of the long term loan made to the subsidiary depends on the forecasts made by the subsidiary. However, the actual results of the subsidiary may differ from the forecasts.

Basis of consolidation

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

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

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

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired entity, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non – current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1. Significant accounting policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a profit or loss, unless the relevant asset is carried at a relevant amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of security blinds and emergency lighting systems provided in the normal course of business and is stated net of Value Added Tax. The Group recognises revenues when the amount of revenues can be reliably measured and it is probable that future economic benefit will flow to the Group.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign Currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities held at the balance sheet date are translated at the closing balance sheet rate. The resulting exchange gain or loss is dealt within the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or subsequently enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arising from goodwill or from the initial recognition other than in a

1. Significant accounting policies (continued)

business combination or other assets and liabilities in a transaction affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of valuation of assets over their estimated useful lives, using the straight-line method. The following rates are used for depreciation of property, plant and equipment.

Plant and machinery	20% straight line
Fixtures and equipment	25% straight line

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gains or losses arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Development costs

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset so that it will be available for use
- there is an ability to use or sell the intangible asset

1. **Significant accounting policies (continued)**

- it can be demonstrated how the intangible asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and,
- the expenditure attributed to the intangible asset during its development can be reliably measured
- Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding ten years.
- Development assets are tested for impairment annually, in accordance with IAS 38. With effect from this financial year, depreciation has been charged on capitalised product development costs at rates between 5% and 10% per annum (straight line basis).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Warranty claims

Security Blinds Ltd offers a ten year warranty on products sold with a "Secur" trademark. Management estimates the related provision of future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

The accounts do not include a provision for warranty claims as the directors currently estimate these to be immaterial for these accounts.

Financial Instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments and other financial assets

Investments and other financial assets are classified as either 'available for sale', 'fair value through profit and loss' or 'held to maturity'. They are initially measured at cost, including transaction costs, with the exception of 'fair value through profit and loss'. Where securities are

1. Significant accounting policies (continued)

designated as 'fair value through profit and loss', gains and losses arising from changes in fair value are included in net profit or loss for the period. For 'available for sale' investments, gains or

losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by other means are held at cost. 'Held to maturity' investments are measured at amortised cost using the effective interest method.

Investments in subsidiaries are held at cost less impairment. Dividends received from the pre-acquisition profits of subsidiaries are deducted from the cost of the investment.

Classification of financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowing and loan notes

Interest-bearing bank loans and overdrafts are recorded at fair value, net of direct issue costs. Finance charges including premiums payable on settlement or redemption and direct issue costs are accounted for on en effective interest rate 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.

Long-term loans are held at amortised cost.

Trade payables

Trade payables are not interest bearing and are stated at their fair value.

Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the company's financial performance. The board reviews its risk policies on a regular basis.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the conterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company's credit risk is primarily attributable to its trade. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made

1. Significant accounting policies (continued)

where there is an identified loss event which, based on previous experiences, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of conterparties and customers.

Market risk

The company operates predominantly in the United Kingdom and therefore the directors are of the opinion that no significant action need be taken to address foreign exchange risks. The company does not therefore hedge against any exchange currencies.

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates. The directors therefore believe that there would be no material effect to these accounts due to changes in interest rates.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient working capital for the operations of the Group into the foreseeable future. Due to the nature of the Group's operations, from time to time the Company seeks additional funds for development from its investors. Management monitors rolling forecasts of the Group's liquidity reserve (long term loans and overdraft) and cash and cash equivalents on the basis of expected cash flow.

Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the directors have looked at a period of twelve months from the date of approval of this report.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Report starting on page 2. Despite the global economic downturn the Group has been successful in raising additional funds to maintain its working capital during an extended period of losses. Further funding will be needed to support the Group up to the point at which it becomes profitable and the directors are in discussions with potential investors to raise further equity finance and with a bank to raise trade finance. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the fund raisings that are being discussed and negotiated.

The directors are obliged to report that there is a degree of uncertainty as to the Group's ability to continue as a going concern. However, based on the negotiations conducted to date and after making enquires the directors have a reasonable expectation that the Group and the Company have adequate resources to continue to adopt the going concern in preparing the annual report and accounts.

Were the Group and the Company to be unable to continue as a going concern, adjustments would have to be made to the balance sheet of the Group and Company to reduce balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify non-current assets and long-term liabilities as current assets and liabilities.

2. Segmental Analysis

The Group's primary reporting format is by business segment and the secondary is by geographical location. The business segment and principal activities consist of security blinds and emergency lighting as shown below:

	Security Blinds 2009 £'000	Emergency Lighting 2009 £'000	Total 2009 £'000	Security Blinds 2008 £'000	Emergency Lighting 2008 £'000	Total 2008 £'000
Revenue	906	60	966	631	27	658
Operating loss before amortisation of patents and trademark	(493)	(414)	(907)	(1,011)	(467)	(1, 478)
Amortisation of patents and trademark	(5)	-	(5)	(2)	-	(2)
Operating loss	(498)	(414)	(912)	(1,013)	(467)	(1,480)
Net finance income			(33)			5
Loss before taxation			(945)			(1,475)
Segment Assets						
Property, plant and equipment	12	51	63	12	65	77
Intangible assets	1,838	332	2,170	1,219	848	2,067
Current assets	231	61	292	315	142	457
	2,081	444	2,525	1, 546	1,055	2, 601

The geographical segment consists of United Kingdom only.

	United Kingdom 2009 £'000	Total 2009 £'000	United Kingdom 2008 £'000	Total 2008 £'000
Revenue	966	966	658	658
Total Assets	2,525	2,525	2, 601	2,601

3. Revenue

	31 December 2009 Group £'000	31 December 2008 Group £'000
An analysis of the Group's revenue for the year is as follows:-		
Continuing operations		
Sales of security blinds	906	631
Sales of emergency lighting systems	60	27
	966	658

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2009

4. Investment Income

	31 December 2009 Group £'000	31 December 2008 Group £'000
Interest on bank deposits	-	11

5. Finance cost

	31 December 2009 Group £'000	31 December 2008 Group £'000
Continuing operations		
Interest on bank overdraft and loans	33	6

6. Corporation tax

Based on the results, no provision has been made for corporation tax charge.
The total charge for the year can be reconciled to the accounting profit as follows

	31 December 2009 Group £'000	31 December 2008 Group £'000
Loss before tax		
Continuing operations	(945)	(1,475)
Tax at domestic income tax rate of 21% (2008 –30%)	(198)	(443)
Depreciation	15	4
Other tax adjustments	183	439
	-	-
Tax adjustment in respect of prior period	-	29
Research and development tax credit	63	-
	63	29

The group has tax losses of £5.8m (2008 - £5.0m) to carry forward against future profits. The deferred tax asset arising from these losses of £1.6m (2008 - £1.6m) has not been provided in these accounts as recovery cannot be reasonably foreseen.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

7. Operating loss for the year

	31 December 2009 Group £'000	31 December 2008 Group £'000
Operating loss for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	20	10
Amortisation of intangibles	50	2
Operating lease rentals - Other	70	81
Auditors remuneration - Annual audit	23	21
Advertising and marketing	155	224

8. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £242,000 (2008 - £445,000).

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

		31 December 2009	31 December 2008
Earnings (£'000)		(882)	(1,446)
Weighted average no. of ordinary shares –	Basic	149,015,312	121,378,683
	Fully diluted	183,027,170	150,905,607

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2009

10. Plant and equipment

Group	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 January 2008	71	10	81
Additions	30	12	42
At 31 December 2008	101	22	123
Additions	-	6	6
At 31 December 2009	101	28	129
Accumulated Depreciation			
At 1 January 2008	30	6	36
Charge for the year	8	2	10
At 31 December 2008	38	8	46
Charge for the year	15	5	20
At 31 December 2009	53	13	66
Carrying amount			
At 31 December 2009	48	15	63
At 31 December 2008	63	14	77

Company	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 January 2008	-	-	-
Additions	-	-	-
At 31 December 2008	-	-	-
Additions (transferred from subsidiaries)	101	28	129
At 31 December 2009	101	28	129
Accumulated Depreciation			
At 1 January 2008	-	-	-
Charge for the year	-	-	-
At 31 December 2008	-	-	-
Additions (transferred from subsidiaries)	53	13	66
At 31 December 2009	53	13	66
Carrying amount			
At 31 December 2009	48	15	63
At 31 December 2008	-	-	-

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

11. Goodwill

	Total £'000
Cost	
At 1 January 2008	1,472
Additions	-
At 1 January 2009	1,472
Additions	-
At 31 December 2009	1,472
Carrying amount	
At 31 December 2009	1,472
At 31 December 2008	1,472

The above goodwill arose on the acquisition of Security Blinds Limited on 30 March 2005 and Illuminex Limited on 1 July 2007 which is not amortised but tested for impairment annually and with the recoverable amount being determined from value in use calculations. The key assumptions for value in use calculations are those regarding the discount rate of 5%, growth rates of 25% and changes in income and expenses. The Group considers that it has two cash generating units and the present value of discounted cash flows and the terminal value exceed the value of the goodwill. On this basis there has been no impairment of goodwill during the year.

The Group prepares discounted cash flow forecasts based on financial forecasts approved by management covering a 5 year period, which takes into account both past performance and expectations for future market developments.

A segment level summary of the goodwill allocation is presented below:

Security Blinds £'000	Emergency Lighting £'000	Total £'000
871	601	1,472

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

12. Other intangible assets

Group	Product development cost £'000	Patents and trademarks £'000	Total £'000
Cost			
At 1 January 2008	223	50	273
Additions	285	51	336
At 31 December 2008	508	101	609
Additions	139	14	153
At 31 December 2009	647	115	762
Amortisation			
At 1 January 2008	-	12	12
Charge for the year	-	2	2
At 31 December 2008	-	14	14
Charge for the year	45	5	50
At 31 December 2009	45	19	64
Carrying amount			
At 31 December 2009	602	96	698
At 31 December 2008	508	87	595

Company	Product development cost £'000	Patents and trademarks £'000	Total £'000
Cost			
At 1 January 2008	-	-	-
Additions	-	-	-
At 31 December 2008	-	-	-
Additions (transferred from subsidiaries)	647	115	762
At 31 December 2009	647	115	762
Amortisation			
At 1 January 2008	-	-	-
Charge for the year	-	-	-
At 31 December 2008	-	-	-
Additions (transferred from subsidiaries)	45	19	64
At 31 December 2009	45	19	64
Carrying amount			
At 31 December 2009	602	96	698
At 31 December 2008	-	-	-

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

12. Other intangible assets (continued)

The intangible assets included above have finite lives, over which the assets are amortised. Patents and trademarks are amortised over their estimated useful lives, which is on average twenty years.

Product development costs are amortised from the point at which they are ready for use, over their estimated useful lives, which is between 10 and 20 years. The directors believe that it is reasonable to carry forward these development costs to match against future economic benefits. The directors have based their assumptions on the sales forecasts that are expected to be generated from these products.

13. Subsidiaries

	Cost of investments £'000	Loan to subsidiaries £'000	Total £'000
Cost			
At 1 January 2008	1,122	1,466	2,588
Additions	-	1,096	1,096
At 1 January 2009	1,122	2,562	3,684
Additions	-	425	425
At 31 December 2009	1,122	2,987	4,109
Carrying amount			
At 31 December 2009	1,122	2,987	4,109
At 31 December 2008	1,122	2,562	3,684

Details of the company's subsidiaries at 31 December 2009 which have been consolidated are follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %	Principal Activity
Security Blinds Ltd	England and Wales	100	100	Manufacturing of security blinds
Illuminex Ltd	England and Wales	100	100	Manufacturing of emergency lighting systems

The directors believe that the cost of investments and loans to the subsidiaries are supported by the value of goodwill in the businesses. On 31 December 2009 a group reorganisation was undertaken and the business, business assets and liabilities of Security Blinds Ltd and Illuminex Ltd were transferred to Eruma plc at book values.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

14. Inventories

	As at 31 December 2009 Group £'000	As at 31 December 2009 Company £'000	As at 31 December 2008 Group £'000	As at 31 December 2008 Company £'000
Raw materials	73	73	74	-
Work in progress	-	-	14	-
Finished goods	36	36	123	-
	109	109	211	-

15. Trade and other receivables

	As at 31 December 2009 Group £'000	As at 31 December 2009 Company £'000	As at 31 December 2008 Group £'000	As at 31 December 2008 Company £'000
Amounts receivable from the sale of goods	95	95	83	-
Prepayments	43	43	73	25
Other debtors	41	41	41	18
	179	179	197	43

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

16. Bank balances and cash

	As at 31 December 2009 Group £'000	As at 31 December 2009 Company £'000	As at 31 December 2008 Group £'000	As at 31 December 2008 Company £'000
Current account	4	4	49	-
	4	4	49	-

The carrying amount of cash, bank balances and overdrafts approximate their fair value.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

17. Trade and other payables

	As at 31 December 2009 Group £'000	As at 31 December 2009 Company £'000	As at 31 December 2008 Group £'000	As at 31 December 2008 Company £'000
Trade payables and accruals	336	336	635	136
Other taxes and social security costs	65	65	52	9
Deferred consideration	-	-	125	125
Other creditors	55	55		
	456	456	812	270

Trade creditors and accruals principally comprise amounts outstanding for trade purchase and ongoing costs.

The directors consider that the carrying amounts of trade and other payables approximate to their fair value.

18. Loans

The following capital instruments are treated as liabilities of the company and comprise bank overdraft, other non-bank loans and amount payable to related parties:

	As at 31 December 2009 Group £'000	As at 31 December 2009 Company £'000	As at 31 December 2008 Group £'000	As at 31 December 2008 Company £'000
Analysis of capital instruments treated as liabilities				
In one year or less or on demand				
Bank overdraft	-	-	-	-
In more than one year but not more than five years				
Other non – bank loans	627	627	329	-

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2009

18. Loans (continued)

	As at 31 December 2009 Group £'000	As at 31 December 2009 Company £'000	As at 31 December 2008 Group £'000	As at 31 December 2008 Company £'000
Analysis of loans				-
Wholly repayable within five years	627	627	329	-
Included in current liabilities	-	-	-	-
	627	627	329	-
Loan maturity analysis				
In more than two year but not more than five years	627	627	329	-

The other non – bank loans of £627,000 include £329,000 (2008 - £329,000) arising from the reclassification of shareholders and directors loans, previously interest free and repayable on demand. The loans are now deferred, repayable when the company reaches earnings before tax, depreciation and amortisation of £750,000 in a financial year. The remaining £298,000 (2008 – Nil) relates to unsecured convertible loan notes, issued in 2009 and repayable by the Company in 2014.

The carrying amounts approximate fair value.

19. Share capital

	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Authorised :		
330,000,000 / 250,000,000 Ordinary Shares of 1p	3,300	2, 500
Allotted, called up and fully paid		
205,451,281 Ordinary Shares of 1p each	2,055	1, 287

On 27 July 2009 the authorized share capital of the Company was increased from £2,500,000 to £3,300,000 by the creation of 80,000,000 ordinary shares of 1p each ranking pari passu in all respects with the existing ordinary shares of 1p each in the capital of the Company.

On 30 June 2009 the company issued 1,777,778 ordinary shares of 1p each at 1.125p per share to fulfil the conversion of £20,000 of loan notes.

On 12 August 2009 the company placed 11,111,111 ordinary shares of 1p each at 1.125p per share.

On 2 October 2009 the company placed 59,585,600 ordinary shares of 1p each at 1.125p per share.

On 18 November 2009 the company placed 555,555 ordinary shares of 1p each at 1.125p per share and 857,698 ordinary shares of 1p each at 1.75p per share.

On 24 November 2009 the company placed 2,888,889 ordinary shares of 1p each at 1.125p per share.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

19. Share capital (continued)

Shares – based payments

Details of the options and warrants issued are provided in the Directors' Report. The details of the EMI option scheme are as follows:

	2009 Number of options	2009 Weighted average exercise price Pence	2008 Number of options	2008 Weighted average exercise price Pence
Outstanding at beginning of period	5,000,001	5	5,000,001	5
Options cancelled in period	-	-	-	-
Options granted in period	-	-	-	-
Outstanding at end of the period	5,000,001	5	5,000,001	5

None of the options above have been exercised and all remain outstanding at the year end. The fair value of the options granted during the period has been calculated using the Black Scholes model assuming the inputs shown below:

Grant date	June 2007
Share price at grant date	6p
Exercise price	5p
Expected option life in years	5
Risk free interest rate	5%
Expected volatility	10%
Expected dividend yield	0%
Fair value of option	Nil

Volatility has been estimated by taking the historic volatility in the Company's share price over two years.

Warrants granted over ordinary shares during the period were as follows:

	2009 Number of warrants	2009 Weighted average exercise price Pence	2008 Number of warrants	2008 Weighted average exercise price Pence
Outstanding at beginning of the period	26,926,924	5.9	23,926,924	6.0
Warrants granted in period	28,584,144	1.4	3,000,000	2.5
Outstanding at end of the period	55,511,068	3.6	26,926,924	5.9

The warrants over ordinary shares that have been issued to employees have a seven year vesting period six months from the grant date. The directors believe the fair value of the warrants issued during the year is 0.001p as the share price at grant date was 0.9p; the risk free rate 2%, expected volatility of the company's share price 25% and expected dividend yield nil%.

20. Share Premium

	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Balance at 1 January	3,707	2,799
Shares issued at premium	56	908
Balance at 31 December	3,763	3,707

21. Retained earnings

Group	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Balance at 1 January	(3,534)	(2,088)
Loss for the year attributable to equity holders of the parent	(882)	(1,446)
Balance at 31 December	(4,416)	(3,534)

Company	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Balance at 1 January	(1,537)	(1,092)
Loss for the year attributable to equity holders of the parent	(242)	(445)
Balance at 31 December	(1,779)	(1,537)

22. Financial Commitments

	As at 31 December 2009 Group £'000	As at 31 December 2008 Group £'000
Minimum lease payments under operating lease recognised as an expense in the year	70	81
At the balance sheet date, the company had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Within 1 year	58	59
Between two and five years	81	139
In over five years	-	-

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

23. Directors' emoluments

	Year to 31 December 2009 Group £'000	Year to 31 December 2008 Group £'000
Emoluments for qualifying services	162	291
Directors' fees	16	-
	178	291

During the year £45,658 (2008: £90,164) of directors' emoluments were capitalised in product development costs.

24. Employees

No. of employees	2009 Number	2008 Number
The average monthly number of employees (including directors) during the period was:		
Factory staff	14	14
Technical Staff	1	1
Administration Staff	9	10
Surveyor Staff	2	2
	26	27

Employment costs

	Year to 31 December 2009 Group £'000	Year to 31 December 2008 Group £'000
Wages and Salaries	588	708
Social security costs	55	74
	643	782

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

25. Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Purchases were made during the year from Peripheral Support Services Ltd, a company in which Kevin Coffey is a director. The total value of purchases from this company during the year was £48,901 (2008: £45,396). Amounts relating to rent and service charges during the year was £24,867 (2008: £27,982) with the remainder of £24,034 (2008: £17,414) being product development work undertaken, and expenses and recharges for purchases made on behalf of Illuminex Limited. The amount owed by the Group at the balance sheet date was £842 (2008: £24,415).

At the year end the Company owed Kevin Coffey £nil (2008: £125,000) in respect of contracted consideration relating to the acquisition of Illuminex Ltd in 2007. The amount was released to the income statement as the conditions necessary for payment were not achieved.

During the year, the Group paid Wayne Money, a director of the company £37,406 (2008: £44,939) in respect of rental fee and services charges. The amount owed by the Group at the balance sheet date was £15,906 (2008: £nil).

During the year the Group purchased services from Cambridge Financial Partners LLP, a partnership in which Barbara Spurrier (a director of Eruma PLC during the year) is a partner. The cost of these accountancy services in the year was £nil (2008: £16,290). At the balance sheet date the amount due to Cambridge Financial Partners LLP was £nil (2008: £15,533).

Purchases were made during the year from SolutionsMTD Limited, a company in which David Alexander (a non-executive director of Eruma PLC) is a director. The total value of IT related purchases during 2009 was £3,905 (2008: £16,354). The amount owing at the balance sheet date was £nil (2008: £4,880).

26. Control

Eruma Plc is a public limited company, and is domiciled and incorporated in England and Wales. The Company's registered office is at Underwood House, Shepherdess Walk Buildings, Underwood Street, London, N1 7LG

Eruma Plc is listed on the Alternative Investment Market of the London Stock Exchange. At the date of the Annual Report in the Directors opinion there is no controlling party.

27. Financial Instruments

Significant accounting policies
Details of the significant accounting policies in respect of financial instruments are disclosed in note 1 of the financial statements.

Financial risk management
The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk, however as the Group enters greater commercial production this may be considered. No derivatives or hedges were entered into during the period.

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

27. Financial Instruments (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group and Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Group is exposed through its operations to the following financial risks:
• Liquidity risk;
• Credit risk;
• Cash flow interest rate risk; and

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group and Company's competitiveness and flexibility. There have been no substantive changes in the Group and Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Further details regarding these policies are set out below:

Principal financial instruments

The principal financial instruments used by the Group and Company, from which financial instrument risk arises are as follows:
• Trade and other receivables
• Cash and cash equivalents
• Trade and other payables
• Loans and borrowings

Liquidity risk

The Group's and Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances to meet expected requirements for a period of at least 60 days. The Group currently has no long term borrowings except for the convertible debts.

Rolling cash forecasts identifying the liquidity requirements of the Group and Company are produced frequently. These are reviewed regularly by management and the board to ensure that sufficient financial headroom exists for at least a twelve month period.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies. The Group made investments and advances into subsidiary companies during the year, recovery of which is dependent on future income generation of those subsidiaries.

None of the Group trade and other receivables have been impaired. Group trade and other receivables are predominantly non-interest bearing. The Group does not hold any collateral as security and the Group does not hold any significant provision in the impairment account for trade and other receivables as they mainly relate to customers with no default history.

Cash and cash equivalent	- Floating interest rate
Shareholder and Director Loans	- Interest free
Convertible loans notes	- 10% Fixed interest rate

The accompanying notes on pages 20 to 44 are an integral part of these financial statements.

27. Financial Instruments (continued)

Capital

The objective of the Directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. To date the Group has minimised risk by being mainly equity financed.

In managing its capital, the Group and Company's primary objective is to ensure its ability to provide a sufficient return for its equity shareholders, principally though capital growth. In order to achieve and seek to maximise this return objective the Group and Company will in the future seek to maintain a gearing ratio that balances risks and returns at an acceptable level while also maintaining a sufficient funding base to enable the Group and Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, increases or reductions in debt, or altering a dividend or share buyback policies, the Group considers not only its short term position but also its medium and longer term operational and strategic objectives.

Maturity of financial assets and liabilities is noted in the notes to these accounts.

Borrowing facilities

The Group did not have any borrowing facilities in place at the reporting date (2008 – nil).