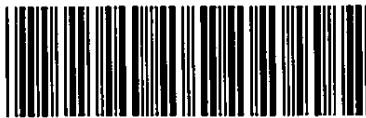


**DIAMOND H CONTROLS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**

**FOR THE YEAR ENDED**  
**30 NOVEMBER 2011**

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COMPANIES HOUSE

**Company No. 00730330**

**DIAMOND H CONTROLS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

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**DIAMOND H CONTROLS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

Mr J Tooke  
Mr A Rodger (appointed 13 July 2011)  
Mr D McDougall (appointed 13 July 2011)  
BI Secretariat Limited (resigned 31 October 2011)

**Company secretary**

BI Nominees Limited (resigned 31 October 2011)

**Registered office**

Unit 1 First Avenue  
Maybrook Industrial Estate  
Minworth  
Sutton Coldfield  
West Midlands  
B76 1BA

**Auditors**

Grant Thornton UK LLP  
Chartered Accountants and Registered Auditor  
Enterprise House  
115 Edmund Street  
Birmingham  
B3 2HJ

## **DIAMOND H CONTROLS LIMITED**

### **THE DIRECTORS' REPORT**

#### **YEAR ENDED 30 NOVEMBER 2011**

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 30 November 2011

#### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company is a wholly-owned subsidiary of BI Group Plc ("BI") and operates as part of BI Group's Specialist Engineering division

The principal activity of the Company until 1 October 2011 was the design, development and distribution of electrical and gas controls for the domestic cooking appliance industry. On the 20 October 2011 the Company entered into an IPR Licence Agreement with BI Electric (Shenzhen) Limited

The directors of the Company made the decision to grant an exclusive intellectual property licence, to enable the design realisation and distribution of electrical and gas controls, to BI Electric (Shenzhen) limited, in a low cost geographical region

This action will maintain and strengthen the competitiveness of the Company's products and generate an ongoing stream of royalty income for the Company, thereby moving it out of a loss making position

The current trading conditions, for the Company's products, remain difficult however the increasing requirement for European Style Appliances from emerging markets has generated an increased demand for the Company's core products

The focus remains on rebuilding the customer base for the Company's products which coupled with the strong demand has generated new business opportunities with major OEM's in Turkey and Asia. These markets will continue to be developed with projected increases in market share with both existing core product and newly developed controls during 2012

Further market penetration within the European, Asian and Turkish markets, supported by the launch of innovative new controls will provide sustainable growth and re-establish the Company's products

The directors are confident that the business remains operationally and financially secure and the opportunities for global growth in core business areas remain strong

There have been no significant events since the balance sheet date which should be further considered in understanding these financial statements

BI manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business

#### **RESEARCH AND DEVELOPMENT**

The Specialist Engineering division, of which the Company is a part, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as a part of the division's medium to long-term future

**DIAMOND H CONTROLS LIMITED****THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2011**

Research and development and new product development continued during the year with the targeted launch of a new Thermoelectric Gas Control and enhancements of the Electrical Energy Regulator for 2012

**PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers with prompt response times in the supply of its products and services and in the handling of customer queries and maintains strong relationships with customers.

The Company operated a UK defined benefit pension plan which is currently in deficit. The funding level of this pension plan is subject to change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including changes in discount rates and increasing longevity of plan members, as well as changes in the market value of plan investments. The UK pension plan is closed to new members and deficit-reduction contributions in addition to the normal cash contributions due are being made under the terms of a payment schedule agreed with the plan Trustee. Significant changes in the actuarial assumptions underlying the UK plan valuation and the Company's share of any deficit-reduction contributions made into the plan could materially impact the Company's trading results.

The Company is financed by loans from other Group companies which have no predetermined repayment dates or interest payment arrangements.

**ENVIRONMENT**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

**EMPLOYEES**

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

## **DIAMOND H CONTROLS LIMITED**

### **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30 NOVEMBER 2011**

#### **RESULTS AND DIVIDENDS**

The directors have not recommended a dividend (2010 £Nil)

#### **THE DIRECTORS**

The directors who served the Company during the year were as follows

Mr J Tooke

Mr A Rodger (appointed 13 July 2011)

Mr D McDougall (appointed 13 July 2011)

BI Secretariat Limited (resigned 31 October 2011)

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE 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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## DIAMOND H CONTROLS LIMITED

### THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2011

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS *(continued)*

In so far as each of the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

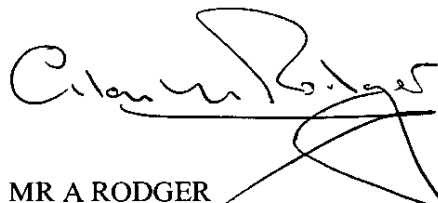
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### AUDITORS

Pursuant to Section 487 of the Companies Act 2006, a resolution has been passed which results in the Company not being required to annually re-appoint Grant Thornton UK LLP as its auditors.

Registered office  
Unit 1 First Avenue  
Maybrook Industrial Estate  
Minworth  
Sutton Coldfield  
West Midlands  
B76 1BA

Signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'A. Rodger', with a large, stylized flourish extending from the end of the signature.

MR A RODGER  
Director

Approved by the directors on 5th April 2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DIAMOND H CONTROLS LIMITED**

**YEAR ENDED 30 NOVEMBER 2011**

We have audited the financial statements of Diamond H Controls Limited for the year ended 30 November 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Directors' Responsibilities Statement set out on pages 4 and 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](http://www.frc.org.uk/apb/scope/private.cfm).

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2011 and of its loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DIAMOND H CONTROLS LIMITED *(continued)*  
YEAR ENDED 30 NOVEMBER 2011**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

*Grant Thornton UK LLP*

Kathryn Godfree  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date *5 April 2012*

**DIAMOND H CONTROLS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 NOVEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	<b>2</b>	<b>1,042,865</b>	1,851,868
Other operating income (Licence Fees)		<b>28,839</b>	-
Cost of sales		<b>(939,047)</b>	(1,650,610)
<b>GROSS PROFIT</b>		<b>132,657</b>	201,258
Distribution costs		<b>(98,487)</b>	(148,267)
Administrative expenses		<b>(91,649)</b>	(363,337)
Exceptional administrative income/(expenses)		<b>42,593</b>	(135,000)
<b>OPERATING LOSS</b>	<b>3</b>	<b>(14,886)</b>	(445,346)
Interest payable	<b>6</b>	<b>(5,164)</b>	(18,948)
Other finance expense	<b>14</b>	<b>(209,000)</b>	(223,000)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(229,050)</b>	(687,294)
Tax on loss on ordinary activities	<b>7</b>	-	(201,841)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(229,050)</b>	(889,135)

All of the activities of the Company are classed as continuing

**DIAMOND H CONTROLS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 30 NOVEMBER 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
Loss for the financial year		<b>(229,050)</b>	<b>(889,135)</b>
Actuarial gain recognised in the pension plan	<b>14</b>	<b><u>57,000</u></b>	<b><u>322,000</u></b>
Total recognised losses relating to the financial year		<b><u>(172,050)</u></b>	<b><u>(567,135)</u></b>

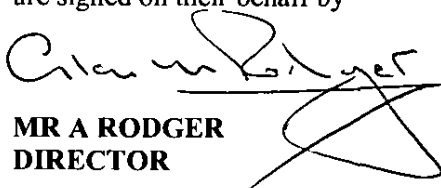
## DIAMOND H CONTROLS LIMITED

## BALANCE SHEET

30 NOVEMBER 2011

	Note	2011	2010
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	-	30,569
Investments	9	1,238	1,238
		<u>1,238</u>	<u>31,807</u>
<b>CURRENT ASSETS</b>			
Stocks	10	-	250,228
Debtors due within one year	11	287,806	519,888
Cash at bank and in hand		119,982	60,731
		<u>407,788</u>	<u>830,847</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	(48,443)	(422,463)
<b>NET CURRENT ASSETS</b>		<u>359,345</u>	<u>408,384</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>360,583</u>	<u>440,191</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	(1,548,536)	(1,535,094)
<b>NET LIABILITIES EXCLUDING PENSION LIABILITY</b>		<u>(1,187,953)</u>	<u>(1,094,903)</u>
Pension plan liability	14	(3,724,700)	(3,645,700)
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>		<u>(4,912,653)</u>	<u>(4,740,603)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	9,185,180	9,185,180
Share premium account	19	389,580	389,580
Profit and loss account	19	(14,487,413)	(14,315,363)
<b>SHAREHOLDER'S DEFICIT</b>	20	<u>(4,912,653)</u>	<u>(4,740,603)</u>

These financial statements were approved by the directors and authorised for issue on 5 April 2012 and are signed on their behalf by

  
**MR A RODGER**  
**DIRECTOR**

Company No. 00730330

The notes on pages 11 to 24 form part of these financial statements

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

**Basis of accounting**

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

The Company and its fellow UK based subsidiaries of NIG (Guernsey) Limited (together "the Companies") are dependent for their working capital on funds provided to it by the Proclad UK companies which have provided the Companies with an undertaking that for at least 12 months from the date of approval of these financial statements they will continue to make available such funds as are needed by the Companies and, in particular, will not seek repayment of any amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result from the basis of preparation being inappropriate.

**Group financial statements**

The Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

**Cash flow statement**

The Company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of National Industries Group (Holding) S A K and its cash flows are included within the consolidated cash flow statement in the financial statements of that Company, which are publicly available.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced by the Company in respect of goods sold during the year excluding Value Added Tax. The Company's policy is to recognise a sale when substantively all the risks and rewards in connection with the goods have been passed to the buyer.

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**1. ACCOUNTING POLICIES** *(continued)*

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery                      -     From 3 to 10 years

Assets in the course of construction are not depreciated

**Research and development expenditure**

Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits. All other research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

**Pension costs**

From 1 January 2006 the Company has contributed to employee stakeholder pension plans. The charge for the year represents amounts payable to the plans for the period. Prior to this the Company contributed to both defined contribution and defined benefit pension schemes.

The Company's defined benefit pension scheme provides benefits based on final pensionable pay. The scheme ceased to accrue benefits from 31 March 2004. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**1. ACCOUNTING POLICIES** *(continued)*

**Taxation**

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Foreign currencies**

Foreign currency transactions are translated at the rates ruling when they occurred or at rates specified in related forward foreign currency contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at rates specified in related forward exchange contracts and exchange differences arising are dealt with in the profit and loss account.

**Investments in subsidiaries**

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value.

**Financial instruments**

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated on a straight line basis.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**2. TURNOVER**

The turnover and loss on ordinary activities before tax are attributable to the one principal activity of the Company

An analysis of turnover by geographical destination is given below

	2011	2010
	£	£
United Kingdom	635,846	1,182,451
Europe	346,054	669,417
Rest of the world	60,965	-
	<u>1,042,865</u>	<u>1,851,868</u>

**3. OPERATING LOSS**

Operating loss is stated after charging

	2011	2010
	£	£
Depreciation of tangible fixed assets	-	19,145
Loss on fixed asset disposal	21,507	-
Auditors' remuneration		
- Audit of these financial statements	7,000	21,000
Operating lease costs		
Plant and equipment	5,736	9,706
Land and buildings		
Research and development expenditure		
Group management charge payable	-	70,000
Exceptional expenses/(income)		
- Provision for inter group funding	<u>42,593</u>	<u>(135,000)</u>

**4. PARTICULARS OF EMPLOYEES**

The average monthly number of staff employed by the Company (including executive directors) during the financial year amounted to

	2011	2010
	No.	No.
Administrative staff	4	7
	<u>4</u>	<u>7</u>



**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**4. PARTICULARS OF EMPLOYEES** *(continued)*

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	200,718	275,657
Social security costs	15,763	26,430
Other pension costs	10,067	9,829
	<u>226,548</u>	<u>311,916</u>

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	2011	2010
	£	£
Emoluments receivable	66,858	91,593
Company pension contributions	2,687	4,623
	<u>69,545</u>	<u>96,216</u>

The number of directors who are accruing benefits under Company pension schemes were as follows

	2011	2010
	No.	No.
Defined contribution schemes	<u>1</u>	<u>2</u>

**6. INTEREST PAYABLE**

	2011	2010
	£	£
On bank loans and overdrafts	2,389	18,948
Other finance costs	2,775	-
	<u>5,164</u>	<u>18,948</u>

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**7. TAX ON LOSS ON ORDINARY ACTIVITIES**

In respect of the year

	2011 £	2010 £
<i>UK corporation tax</i>		
Adjustment in respect of prior years	-	201,841
Total current tax charge	-	201,841
<i>Deferred tax (note 15)</i>		
Origination/reversal of timing differences	-	-
Effect of change in taxation rate	-	-
	-	-
Total charge on loss on ordinary activities	-	201,841

*Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 26% (2010 28%). The differences are explained below

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(229,050)	(687,294)
Current tax at 26% (2010 28%)	(59,553)	(194,442)
<i>Effects of</i>		
Expenses not deductible for tax purposes	373	678
Depreciation for year in excess of capital allowances	(203,510)	5,361
Increase in losses carried forward	-	108,563
(Increase)/decrease in other timing differences	(35,100)	37,800
Increase in FRS17 provision	35,360	40,040
Adjustment in respect of prior years	-	201,841
Group relief surrendered	262,430	-
Total current tax charge (see above)	-	201,841

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**8. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; Machinery £</b>
<b>COST</b>	
At 1 December 2010	1,009,900
Disposals	(1,009,900)
<b>At 30 November 2011</b>	<u>-</u>
<b>DEPRECIATION</b>	
At 1 December 2010	979,331
Disposals	(979,331)
<b>At 30 November 2011</b>	<u>-</u>
<b>NET BOOK VALUE</b>	
<b>At 30 November 2011</b>	<u>-</u>
At 30 November 2010	<u>30,569</u>

**9. INVESTMENTS**

	<b>£</b>
<b>COST</b>	
At 1 December 2010 and 30 November 2011	<u>1,238</u>
<b>NET BOOK VALUE</b>	
<b>At 1 December 2010 and 30 November 2011</b>	<u>1,238</u>

The Company owns the whole of the issued share capital of Robinson and Hudson Limited, a dormant company registered in England and Wales

**10. STOCKS**

	<b>2011 £</b>	<b>2010 £</b>
Finished goods	<u>-</u>	<u>250,228</u>

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**11. DEBTORS DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Trade debtors	18,561	223,282
Amounts owed by Group undertakings	269,245	278,059
Prepayments and accrued income	-	11,125
Other debtors	-	7,422
	<u>287,806</u>	<u>519,888</u>

Amounts owed by Group undertakings are interest free

**12. CREDITORS: Amounts falling due within one year**

	2011	2010
	£	£
Trade creditors	17,122	53,599
Amounts owed to Group undertakings	7,455	59,129
Other taxation and social security	370	65,176
Other creditors	479	-
Accruals and deferred income	23,017	244,559
	<u>48,443</u>	<u>422,463</u>

Amounts owed to Group undertakings are interest free

**13. CREDITORS: Amounts falling due after more than one year**

	2011	2010
	£	£
Amounts owed to Group undertakings	<u>1,548,536</u>	<u>1,535,094</u>

There are no predetermined repayment dates or interest payment arrangements applying to amounts owed to Group undertakings. However repayment will not be requested within one year.

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2011**

**14. PENSIONS**

The Company is a member of the defined benefit contribution pension scheme operated by a fellow group company, BI Group Plc. The Company also contributed to the Diamond H Controls Pension Plan. From 1 January 2006 a Stakeholder Pension Plan has been put in place.

**Diamond H Controls Pension Plan**

The Plan is administered by a Trustee. The contributions are determined by independent actuaries, whose most recent valuation was at 31 March 2010. With effect from 31 March 2004 further benefits ceased to accrue to the members and there is no current service cost after this date.

At 30 November 2011, total contributions amounting to £Nil (2010: £Nil) were payable to the above Plan and are included within accruals.

The valuation at 31 March 2007 of the Diamond H Controls Pension Plan has been updated by the independent actuary on an FRS 17 basis as at 30 November 2011.

The major assumptions used in this valuation were:

	2011	2010	2009
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	Linked to Consumer Price Index Max annual pension increase		
Discount rate	5.1% p.a.	5.8% p.a.	5.8% p.a.
Inflation assumption	2.8% p.a.	3.2% p.a.	3.3% p.a.
Rate of increase of deferred pensions	2.3% p.a.	3.2% p.a.	3.3% p.a.
Revaluation in deferment	2.3% p.a.	3.2% p.a.	3.3% p.a.
Post retirement mortality assumption	SINA tables with long cohort year of birth projections with a minimum rate of improvement of 1.25% p.a.		
Tax-free cash	No allowance has been made for members to take tax free cash		

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**14. PENSIONS** *(continued)*

Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows

	2011	2010	2009
Male currently aged 45	90.5	88.1	88.1
Female currently aged 45	93.4	90.9	90.9
Male currently aged 65	88.1	87.1	87.0
Female currently aged 65	91.0	90.0	89.9
	2011	2010	2009

Long term expected rate of return on the Plan's assets for the following year	4.69%	5.71%	5.68%
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The Company expects to contribute £346,000 to the Plan during the year to 30 November 2012

The actual return on the Plan's assets over the period to the Review Date was a gain of 8.6%

The assets do not include any investment in shares of the Company

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Plan's holding of these instruments.

**Plan Assets**

The fair value of the plan's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the plan's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long term rate of return 2011	Value at 2011 £000	Long term rate of return 2010	Value at 2010 £000	Long term rate of return 2009	Value at 2009 £000
Equities	6.0%	5,708	7.0%	5,638	7.0%	5,566
Bonds	3.0%	4,383	4.0%	3,727	4.0%	3,519
Cash	0.5%	101	0.5%	191	0.5%	139
		<u>10,192</u>		<u>9,556</u>		<u>9,224</u>
Present value of plan liabilities		<u>(13,917)</u>		<u>(13,202)</u>		<u>(13,049)</u>
Deficit in the plan		<u>(3,725)</u>		<u>(3,646)</u>		<u>(3,825)</u>

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**14. PENSIONS** *(continued)*

## Reconciliation of Assets and Defined Benefit Obligation

The change in assets over the year was

	<b>2011</b>
	<b>£000</b>
Fair value of assets at the beginning of the year	9,556
Expected return on assets	543
Employer contributions	73
Benefits paid	(470)
Actuarial gain	490
Fair value of assets at the end of the year	<u>10,192</u>

The change in defined benefit obligation over the year was

	<b>2011</b>
	<b>£000</b>
Defined benefit obligation at the beginning of the year	13,202
Interest cost	752
Benefits paid	(470)
Actuarial loss	433
Defined benefit obligations at the end of the year	<u>13,917</u>

**Analysis of amounts included in other finance costs**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension plan assets	543	518
Interest on pension plan liabilities	(752)	(741)
	<u>(209)</u>	<u>(223)</u>

**Analysis of amount recognised in statement of total recognised gains and losses**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Actual return less expected return on plan assets	490	282
Experience gains on scheme liabilities	803	-
Changes in assumptions underlying the present value of plan liabilities	(1,236)	40
Actuarial gain recognised in statement of total recognised gains and losses	<u>57</u>	<u>322</u>

The cumulative amount of actuarial loss recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £1,988,000 (2010 £1,931,000)

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**14. PENSIONS** *(continued)***Summary of Prior Year Amounts**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Present value of defined benefit obligation	<b>(13,917)</b>	(13,202)	(13,049)	(9,372)	(11,747)
Plan assets	<b>10,192</b>	9,556	9,224	7,913	10,206
Surplus/(deficit)	<b>(3,725)</b>	(3,646)	(3,825)	(1,459)	(1,541)
Experience gains and losses on Plan liabilities	<b>(803)</b>	-	(45)	-	800
Experience adjustments on Plan assets	<b>490</b>	282	1,164	(2,542)	(222)

**Stakeholder Pension Plan**

With effect from 1 January 2006, the Company has contributed to employee stakeholder pension plans. The pension cost represents contributions payable by the Company to the fund and amounted to £4,564 (2010 £9,318). There was £Nil (2010 £4,744) outstanding at the balance sheet date.

**15. DEFERRED TAXATION**

The elements of deferred taxation are as follows:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Difference between accumulated depreciation and capital allowances	-	-
UK tax losses	-	-
Deferred tax asset	-	-

The Company has unrecognised deferred tax assets of approximately £nil (2010 £2,252,663) in respect of trading losses, £nil (2010 £203,083) in respect of capital allowances, £968,500 (2010 £984,420) in respect of FRS 17 pension liabilities and £nil (2010 £36,450) in respect of other timing differences.

The potential deferred tax asset has not been provided due to the uncertainty of when the losses will be utilised.



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**16. COMMITMENTS UNDER OPERATING LEASES**

At 30 November 2011 the Company had annual commitments under non-cancellable operating leases as set out below

	<b>Assets Other Than Land and Buildings</b>		<b>Land and Buildings</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
Within 1 year	-	15,103	-	-
Within 2 to 5 years	-	-	-	-
	<u>-</u>	<u>15,103</u>	<u>-</u>	<u>-</u>

**17. CONTINGENCIES**

The Company is party to the Group's cross guarantee banking arrangements in respect of the Group's £2 4m term loan (2010 £3 6m) and the Group's £2 0m overdraft facility which was £1 8m (2010 £2 1m) at the balance sheet date

**18. SHARE CAPITAL**

**Authorised, allotted, called up and fully paid share capital:**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
9,185,180 Ordinary shares of £1 each	<u>9,185,180</u>	<u>9,185,180</u>

**19. MOVEMENTS ON RESERVES**

	<b>Profit and loss account</b>	<b>Share premium account</b>
	<b>£</b>	<b>£</b>
At 1 December 2010	(14,315,363)	389,580
Loss for the financial year	(229,050)	-
Actuarial gain recognised in Recognised Gains	57,000	-
At 30 November 2011	<u>(14,487,413)</u>	<u>389,580</u>

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**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT**

	2011 £	2010 £
Loss for the financial year	(229,050)	(889,135)
Actuarial gain recognised in the pension plan during the year	57,000	322,000
Net movement in shareholder's deficit	(172,050)	(567,135)
Shareholder's deficit at beginning of year	(4,740,603)	(4,173,468)
Shareholder's deficit at end of year	<u>(4,912,653)</u>	<u>(4,740,603)</u>

**21. RELATED PARTIES**

The Company has taken advantage of the exemption given in FRS 8 Related Party Disclosures with respect to inter group disclosures as the Group controls all of the Company's voting share capital and the Group financial statements are publicly available

**22. ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of BI Group Plc. The results of the Company are consolidated in the financial statements of Proclad Group Limited, a company registered in the Emirate of Dubai and also the financial statements of the ultimate parent company, National Industries Group (Holding) S A K incorporated in Kuwait. These are respectively the smallest and largest group accounts which include the results of the company. Copies of the financial statements of National Industries Group (Holding) S A K are available from PO Box 417, 13005 Safat, Kuwait.