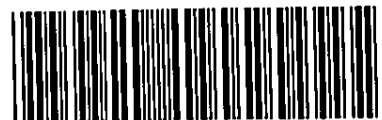


MARDIX HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

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MARDIX HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G A Dixon H E Dixon D A Gardner
Secretary	H E Dixon
Company number	05805292
Registered office	Westmorland Business Park Gilthwaiterigg Lane Kendal Cumbria LA9 6NS
Auditors	PKF (UK) LLP 5 Temple Square Temple Street Liverpool L2 5RH

MARDIX HOLDINGS LIMITED

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MARDIX HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the financial statements for the year ended 31 March 2008

Principal activities

The principal activity of the company was that of a parent undertaking

The principal activity of the group was that of the design and manufacture of electrical switchgear and the associated on site installation works

Business review

The group has continued its expansion of the monitoring and service divisions of the group, while continuing to grow the core business of the design, manufacture and installation of electrical switchgear. To this end, the group has structured itself into three divisions – Switchgear, Monitoring and Service – and has redesigned its website and marketing literature to this end.

The expansion of the existing premises, which was completed in April 2007, has resulted in increased production capacity and removed the previous restraints on that capacity.

The group has continued to invest and gain success in all its divisions despite the current challenging conditions.

Results

The profit for the year, after taxation, amounted to £3,621,333 (2007 - £1,758,287)

Directors

The directors who served during the year were

G A Dixon
H E Dixon
D A Gardner

Political and charitable contributions

The group has made donations to local charities of £2,855 (2007 - £1,477) during the period.

Financial instruments

The group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and through borrowings at prevailing market interest rates. The group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms.

The group's exposure to the price risk of financial instruments is therefore minimal and the directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Research and development activities

Further investment has been made in the group's monitoring system, which aims to reduce clients' energy costs by identifying where energy consumption is occurring within the clients' data centres, and this has led to increasing sales of such equipment.

MARDIX HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008**

Provision of information to auditors

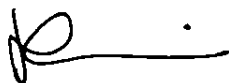
So far as each of the directors is aware at the time the report is approved

- 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

Auditors

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 13 June 2008 and signed on its behalf

A handwritten signature in black ink, consisting of a stylized 'H' followed by a horizontal line and a small dot.

H E Dixon
Secretary

MARDIX HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2008

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and the group and of the profit or loss of the company and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MARDIX HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARDIX HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Mardix Holdings Limited for the year ended 31 March 2008, set out on pages 6 to 22. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

MARDIX HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARDIX HOLDINGS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

PKF (UK) LLP

PKF (UK) LLP

Liverpool, UK

13 June 2008

MARDIX HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	Year ended 31 March 2008 £	Period ended 31 March 2007 £
TURNOVER	1,2	26,516,696	18,043,558
Cost of sales		<u>(16,902,799)</u>	<u>(12,513,077)</u>
GROSS PROFIT		9,613,897	5,530,481
Administrative expenses		<u>(4,105,856)</u>	<u>(2,713,225)</u>
OPERATING PROFIT	3	5,508,041	2,817,256
Income from other fixed asset investments		-	232
Interest receivable		73,579	3,504
Interest payable	6	<u>(137,650)</u>	<u>(107,959)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,443,970	2,713,033
Tax on profit on ordinary activities	7	<u>(1,822,637)</u>	<u>(954,746)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>3,621,333</u>	<u>1,758,287</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account

The notes on pages 10 to 22 form part of these financial statements

MARDIX HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	8		8,550,343		9,017,343
Tangible fixed assets	9		848,442		855,150
			<u>9,398,785</u>		<u>9,872,493</u>
CURRENT ASSETS					
Stocks	11	1,929,075		1,332,969	
Debtors	12	9,088,777		6,086,162	
Cash at bank and in hand		2,093,279		346,664	
		<u>13,111,131</u>		<u>7,765,795</u>	
CREDITORS amounts falling due within one year	13	(7,520,088)		(3,985,885)	
NET CURRENT ASSETS			<u>5,591,043</u>		<u>3,779,910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,989,828</u>		<u>13,652,403</u>
CREDITORS: amounts falling due after more than one year	14		(11,961,259)		(11,893,167)
NET ASSETS			<u><u>3,028,569</u></u>		<u><u>1,759,236</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		949		949
Profit and loss account	17		3,027,620		1,758,287
SHAREHOLDERS' FUNDS	18		<u><u>3,028,569</u></u>		<u><u>1,759,236</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 June 2008



H E Dixon
Director

The notes on pages 10 to 22 form part of these financial statements

MARDIX HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 MARCH 2008**

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Fixed asset investments	10		15,255,926		15,255,926
CURRENT ASSETS					
Debtors	12	91,496		-	
CREDITORS amounts falling due within one year	13	(8,086)		(3,579,319)	
NET CURRENT ASSETS/(LIABILITIES)			83,410		(3,579,319)
TOTAL ASSETS LESS CURRENT LIABILITIES			15,339,336		11,676,607
CREDITORS amounts falling due after more than one year	14		(11,758,000)		(11,758,000)
NET ASSETS/(LIABILITIES)			3,581,336		(81,393)
CAPITAL AND RESERVES					
Called up share capital	16		949		949
Profit and loss account	17		3,580,387		(82,342)
SHAREHOLDERS' FUNDS/(DEFICIT)	18		3,581,336		(81,393)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 June 2008



H E Dixon
Director

The notes on pages 10 to 22 form part of these financial statements

MARDIX HOLDINGS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

		Year ended 31 March 2008 £	Period ended 31 March 2007 £
	Note		
Net cash flow from operating activities	20	5,879,006	2,407,125
Returns on investments and servicing of finance	21	(64,071)	(104,224)
Taxation		(1,468,477)	(901,542)
Capital expenditure and financial investment	21	(119,341)	31,045
Acquisitions and disposals	21	-	(1,096,102)
Equity dividends paid		(2,352,000)	-
CASH INFLOW BEFORE FINANCING		1,875,117	336,302
Financing	21	(128,502)	10,362
INCREASE IN CASH IN THE YEAR		1,746,615	346,664

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 31 MARCH 2007**

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Increase in cash in the year	1,746,615	346,664
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	128,502	(10,212)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	1,875,117	336,452
Non cash movements (Note 22)	-	11,988,647
New finance leases	(252,412)	-
MOVEMENT IN NET DEBT IN THE PERIOD	1,622,705	(11,652,195)
Net debt at 1 April 2007	(11,652,195)	-
NET DEBT AT 31 MARCH 2008	(10,029,490)	(11,652,195)

The notes on pages 10 to 22 form part of these financial statements

MARDIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Basis of consolidation

The financial statements consolidate the accounts of Mardix Holdings Limited and all of its subsidiary undertakings ('subsidiaries')

1.3 Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

1.6 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 20 years.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	over the period of the lease
Plant and machinery	-	10% straight line
Fixtures and fittings	-	10-20% straight line
Motor vehicles	-	20% straight line

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

1 ACCOUNTING POLICIES (continued)

1 10 Operating leases

Rentals payable on operating leases are charged against income on a straight line basis over the lease term

1.11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value

1 12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes

1 13 Pensions

The company operates a defined contribution pension scheme for certain employees. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17

2 TURNOVER

Turnover is attributable to one class of business

A geographical analysis of turnover is as follows

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
United Kingdom	25,744,624	18,052,538
Rest of European Union	772,072	(8,980)
	<u>26,516,696</u>	<u>18,043,558</u>

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

3 OPERATING PROFIT

The operating profit is stated after charging

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Amortisation - intangible fixed assets	467,000	325,000
Depreciation of tangible fixed assets		
- owned by the company	236,342	120,163
- held under finance leases	138,564	98,932
Auditors' remuneration	26,500	16,787
Operating lease rentals		
- plant and machinery	12,021	6,978
- other operating leases	277,963	151,338
Difference on foreign exchange	441	23
Auditors' remuneration - non-audit	20,250	2,500
Research and development	210,355	197,575
	<u>6,816,655</u>	<u>3,572,276</u>

Auditors' fees for the company were £4,500 (2007 - £3,000)

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Wages and salaries	6,090,897	3,253,936
Social security costs	699,108	315,450
Other pension costs	26,650	2,890
	<u>6,816,655</u>	<u>3,572,276</u>

The average monthly number of employees, including the directors, during the year was as follows

	Year ended 31 March 2008 No.	Period ended 31 March 2007 No.
Office and management	54	32
Manufacturing	119	74
	<u>173</u>	<u>106</u>

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

5 DIRECTORS' REMUNERATION

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Emoluments	<u>1,052,804</u>	<u>279,000</u>
Company pension contributions to money purchase pension schemes	<u>25,000</u>	<u>15,000</u>

During the year retirement benefits were accruing to 1 director (2007 - 1) in respect of money purchase pension schemes

The highest paid director received remuneration of £780,000 (2007 - £135,000)

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £25,000 (2007 - £15,000)

6 INTEREST PAYABLE

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
On bank loans and overdrafts	2,179	10,468
On other loans	121,164	82,342
On finance leases and hire purchase contracts	14,307	15,149
	<u>137,650</u>	<u>107,959</u>

7 TAXATION

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the period	1,850,000	984,938
Adjustments in respect of prior periods	(27,363)	-
Total current tax	<u>1,822,637</u>	<u>984,938</u>
Deferred tax (see note 15)		
Origination and reversal of timing differences	-	(30,192)
Tax on profit on ordinary activities	<u>1,822,637</u>	<u>954,746</u>

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Profit on ordinary activities before tax	<u>5,443,970</u>	<u>2,713,033</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	1,633,191	813,910
Effects of		
Expenses not deductible for tax purposes	189,871	176,278
Depreciation in excess of capital allowances	53,187	14,000
Other short term timing differences	(3,749)	-
Research and development tax credits	(22,500)	(19,250)
Adjustments to tax charge in respect of prior periods	(27,363)	-
Current tax charge for the year (see note above)	<u><u>1,822,637</u></u>	<u><u>984,938</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

8 INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 1 April 2007 and 31 March 2008	<u>9,342,343</u>
Amortisation	
At 1 April 2007	325,000
Charge for the period	467,000
At 31 March 2008	<u>792,000</u>
Net book value	
At 31 March 2008	<u><u>8,550,343</u></u>
At 31 March 2007	<u><u>9,017,343</u></u>

MARDIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

9 TANGIBLE FIXED ASSETS

Group	Long leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
On acquisition of subsidiary	97,218	1,187,622	769,864	478,773	2,533,477
Additions	-	28,857	302,238	52,658	383,753
Disposals	-	-	(49,430)	-	(49,430)
At 31 March 2008	<u>97,218</u>	<u>1,216,479</u>	<u>1,022,672</u>	<u>531,431</u>	<u>2,867,800</u>
Depreciation					
On acquisition of subsidiary	58,329	868,030	416,571	335,397	1,678,327
Charge for the period	38,889	122,883	162,620	50,514	374,906
On disposals	-	-	(33,875)	-	(33,875)
At 31 March 2008	<u>97,218</u>	<u>990,913</u>	<u>545,316</u>	<u>385,911</u>	<u>2,019,358</u>
Net book value					
At 31 March 2008	<u>-</u>	<u>225,566</u>	<u>477,356</u>	<u>145,520</u>	<u>848,442</u>
At 31 March 2007	<u>38,889</u>	<u>319,592</u>	<u>353,293</u>	<u>143,376</u>	<u>855,150</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2008 £	2007 £
Motor vehicles	<u>419,070</u>	<u>282,946</u>

10 FIXED ASSET INVESTMENTS

Company	Shares in group under- takings £
Cost or valuation	
At 1 April 2007 and 31 March 2008	<u>15,255,926</u>

Details of the principal subsidiaries can be found under note number 27

MARDIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

11 STOCKS

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Raw materials	605,036	533,704	-	-
Work in progress	1,324,039	799,265	-	-
	<u>1,929,075</u>	<u>1,332,969</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Due after more than one year				
Trade debtors	644,551	501,842	-	-
Due within one year				
Trade debtors	7,970,068	5,324,295	-	-
Amounts owed by group undertakings	37,701	-	91,496	-
Other debtors	293,245	133,208	-	-
Prepayments and accrued income	143,212	122,324	-	-
Deferred tax asset (see note 15)	-	4,493	-	-
	<u>9,088,777</u>	<u>6,086,162</u>	<u>91,496</u>	<u>-</u>

13 CREDITORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	161,510	105,691	-	-
Trade creditors	1,696,620	2,232,656	-	-
Amounts owed to group undertakings	37,701	-	-	3,579,319
Corporation tax	974,340	624,674	-	-
Social security and other taxes	1,138,629	699,281	-	-
Other creditors	2,252,620	3,982	8,086	-
Accruals and deferred income	1,258,668	319,601	-	-
	<u>7,520,088</u>	<u>3,985,885</u>	<u>8,086</u>	<u>3,579,319</u>

Hire purchase creditors are secured on the assets concerned

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

**14 CREDITORS:
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Guaranteed unsecured variable rate notes	2,000,000	2,000,000	2,000,000	2,000,000
Net obligations under finance leases and hire purchase contracts	203,259	135,167	-	-
Share capital treated as debt (Note 16)	9,758,000	9,758,000	9,758,000	9,758,000
	<u>11,961,259</u>	<u>11,893,167</u>	<u>11,758,000</u>	<u>11,758,000</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 16

The guaranteed unsecured variable rate notes are repayable in full on 31 July 2014 and bear interest at a rate of 0.5% above the base rate of the Bank of England from time to time. The note holder may require repayment in full or part at any time by issue of written notice of not less than 10 business days. The company may, following the date that is 12 months following the date of issue of the notes by not less than 20 business days written notice repay all or any of the notes.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Between one and five years	203,259	135,167	-	-

Hire purchase creditors are secured on the assets concerned

15 DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
At 1 April 2007	-	-	-	-
Released during the year	-	4,493	-	-
At 31 March 2008	<u>-</u>	<u>4,493</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	£	£	£	£
Accelerated capital allowances	-	4,493	-	-

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

16 SHARE CAPITAL

	2008 £	2007 £
Shares classified as capital		
Authorised		
707 A ordinary shares shares of £1 each	707	707
93 B ordinary shares shares of £1 each	93	93
200 C ordinary shares shares of £1 each	200	200
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
706 A ordinary shares shares of £1 each	706	706
93 B ordinary shares shares of £1 each	93	93
150 C ordinary shares shares of £1 each	150	150
	<u>949</u>	<u>949</u>
Shares classified as debt		
Authorised		
9,758,141 Preference shares shares of £1 each	<u>9,758,141</u>	<u>9,758,141</u>
Allotted, called up and fully paid		
9,758,000 Preference shares shares of £1 each	<u>9,758,000</u>	<u>9,758,000</u>

Unless the holders of the preference shares otherwise agree the preference shares are redeemable, subject to the requirements of the Companies Act 1985, immediately prior to any change of control of the company, as defined in the Articles of Association, at par

The preference shares are non voting and do not receive a dividend but on return of capital on a liquidation or otherwise entitle the holders a first priority on an amount equal to the par value of the shares held. The preference shares do not participate in any further distributions

17 RESERVES

	Profit and loss account £
Group	
At 1 April 2007	1,758,287
Profit for the year	3,621,333
Dividends Equity capital	(2,352,000)
	<u>3,027,620</u>
At 31 March 2008	

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

17. RESERVES (continued)

	Profit and loss account £
Company	
At 1 April 2007	(82,342)
Profit for the year	6,014,729
Dividends Equity capital	(2,352,000)
	<hr/>
At 31 March 2008	3,580,387
	<hr/>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Group		
Opening shareholders' funds	1,759,236	-
Profit for the year	3,621,333	1,758,287
Dividends (Note 19)	(2,352,000)	-
Shares issued during the year	-	949
	<hr/>	<hr/>
Closing shareholders' funds	3,028,569	1,759,236
	<hr/>	<hr/>
	2008	2007
Company	£	£
Opening shareholders' deficit	(81,393)	-
Profit for the year	6,014,729	(82,342)
Dividends (Note 19)	(2,352,000)	-
Shares issued during the year	-	949
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	3,581,336	(81,393)
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own Profit and loss Account

The profit for the year dealt with in the accounts of the company was £6,014,729 (2007 - £82,342 loss)

19 DIVIDENDS

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Dividends paid on equity capital	2,352,000	-
	<hr/>	<hr/>

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Operating profit	5,508,041	2,817,256
Amortisation of intangible fixed assets	467,000	325,000
Depreciation of tangible fixed assets	374,906	219,095
Loss on sale of investments	-	24,000
Loss on disposal of tangible fixed assets	3,555	28,030
(Increase)/decrease in stocks	(596,106)	288,673
Increase in debtors	(3,007,108)	(1,498,695)
Increase in creditors	3,128,718	203,766
Net cash inflow from operations	5,879,006	2,407,125

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Returns on investments and servicing of finance		
Interest received	73,579	3,504
Interest paid	(123,343)	(92,811)
Hire purchase interest	(14,307)	(15,149)
Income from investments	-	232
Net cash outflow from returns on investments and servicing of finance	(64,071)	(104,224)

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(131,341)	(370,015)
Sale of tangible fixed assets	12,000	116,060
Sale of investments	-	285,000
Net cash (outflow)/inflow from capital expenditure	(119,341)	31,045

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Acquisitions and disposals		
Purchase of fixed asset investments	-	(1,096,102)

MARDIX HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	Year ended 31 March 2008 £	Period ended 31 March 2007 £
Financing		
Issue of ordinary shares	-	150
Other new loans	-	-
(Repayment of)/new finance leases	(128,502)	10,212
Net cash (outflow)/inflow from financing	<u>(128,502)</u>	<u>10,362</u>

22 ANALYSIS OF CHANGES IN NET DEBT

	At 31 March 2007 £	Cash flow £	Other non-cash changes £	At 31 March 2008 2008 £
Cash at bank and in hand	346,664	1,746,615	-	2,093,279
Debt:				
Finance leases	(240,859)	128,502	(252,412)	(364,769)
Debts falling due after more than one year	(11,758,000)	-	-	(11,758,000)
Net debt	<u>(11,652,195)</u>	<u>1,875,117</u>	<u>(252,412)</u>	<u>(10,029,490)</u>

23 PENSION COSTS

Contributions made by the group to the scheme during the period amounted to £26,650 (2007 £25,000)

24 OPERATING LEASE COMMITMENTS

At 31 March 2008 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2008 £	2007 £	2008 £	Other 2007 £
Group				
Expiry date				
Within 1 year	-	21,500	-	6,000
After more than 5 years	257,500	196,500	-	-

MARDIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

25 RELATED PARTY TRANSACTIONS

During the year the group paid rent in respect of property leased from the company pension scheme of £253,625 (2007 £182,983) As at 31 March 2008 an amount of £100,000 (2007 £100,000) was due from the pension scheme

As at 31 March 2008 an amount of £2,215,735 was due to the directors of the company

26 CONTROLLING PARTY

The company is controlled by G A Dixon

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding
Mardix Limited	England	100