

**REGISTERED NUMBER: 06690180 (England and Wales)**

**JSJS DESIGNS PLC**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2010**

# JSJS DESIGNS PLC

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# JSJS DESIGNS PLC

## COMPANY INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2010

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**DIRECTORS:**  
John Shermer  
John Sinclair  
Howard Marshall Resigned 29th September 2010  
Frank Tiller  
Michael Lord Appointed 29<sup>th</sup> September 2010  
Simon Lane Appointed 29<sup>th</sup> September 2010

**SECRETARY:** Peter Britton

**REGISTERED OFFICE:**  
Acre House  
11-15 William Road  
London  
NW1 3ER

**PRINCIPAL PLACE OF BUSINESS:**  
Birmingham Science Park Aston  
Faraday Wharf  
Holt Road, Birmingham.  
B7 4BB

**REGISTERED NUMBER:** 06690180  
**SEDOL** B3FHW44

**AUDITORS:**  
HW Fisher & Company  
11-15 William Road  
London  
NW1 3ER

**SOLICITORS:**  
BPE Solicitors LLP  
St James House  
St James Square  
Cheltenham GL50 3PR

**REGISTRARS:**  
Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands, B63 3DA

**NOMINATED ADVISER AND JOINT BROKER:**  
W.H. Ireland Limited  
4 Colston Avenue  
Bristol  
BS1 4ST

**BANKERS:**  
HSBC Bank plc  
7 Commercial Street  
Halifax  
West Yorkshire  
HX1 1H

**JOINT BROKER:**  
SVS Securities  
21 Wilson Streets  
London  
EC2M 2SN

## **JSJS DESIGNS PLC**

### **CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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The Board of JSJS Designs, specialists in the design, development and manufacture of home automation systems to enable consumers to operate remotely everyday household appliances, such as lighting, heating, air conditioning, door entry, audio, video and security, announces its Final Results for the financial year ended 30 September 2010.

#### **CORPORATE HIGHLIGHTS**

- Successful development and testing of next generation of home automation 'Room Control' and 'Eco Management' products;
- Strategic repositioning to become an IP-holding design partner that will de-risk the company operationally and simplify/streamline ongoing negotiations with potential partners.
- Two share placings successfully completed at a premium to the share price during the period.
- Key appointments of Non-Executive Chairman and Sales & Marketing Director;
- Siemens-branded doorchimes orders fulfilled with products on sale in approximately 200 B&Q stores UK-wide.

#### **CHAIRMAN'S STATEMENT**

I was delighted to join the business late in the financial year at an exciting stage in its development. The business has a proven record in product development, which we are sure, will capture the consumer's imagination. The important stage we have reached is the cementing of commercial relationships and of a flexible approach to getting product to market. Whilst focus continues on future products the emphasis is currently in turning the existing products to profitable sales.

The move to strengthen further the operational board to support this phase of the company's development has been key in the latter stages of the year. This investment will be fundamental to success in the future.

**Michael Lord**  
**Chairman**

Date: 8<sup>th</sup> March 2011.

# **JSJS DESIGNS PLC**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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The Directors present their report with the financial statements of the Group and Company for the year ended 30 September 2010.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is that of a Holding Company and that of its subsidiary JSJS Designs (Europe) Limited is the design and manufacture of equipment to remotely control domestic devices and systems.

### **CHIEF EXECUTIVE'S REPORT**

This year has been an intensive but productive one for JSJS Designs, and one that has seen the Board strengthened, two share placings successfully completed and further product development. The Company has remained focused on the design, development and manufacture of home automation systems to enable consumers to operate remotely everyday household appliances, such as lighting, heating, air conditioning, door entry, audio, video and security.

#### **Strategic Positioning:**

In light of challenges during the year, characterised by delays stemming from the very nature of negotiating complex long-term contracts with large multinationals, the Board carried out a review. The outcome of this review resulted in a decision for JSJS Designs, where appropriate, to become an IP-holding design partner of our customers and allow them to manage the supply chain. This change has required a lot of renegotiation between all parties involved and is now coming to a conclusion.

We continue to build our relationships with our Asian partners and there is genuine confidence on both sides in our collective ability to continue to bring new or enhanced designs forward as has been demonstrated in this year.

#### **Product Portfolio:**

At the forefront of the Company's activity has been the development of the next generation of home automation 'Room Control' and 'Eco Energy Management' products.

The new LightwaveRF range of products is the result of several years of intensive research and development by the founders of JSJS Designs. JSJS Designs has built on its experience producing sophisticated environmental control devices in the medical sector and has previously supplied the Home Easy range of RF control devices to B&Q.

During the year the Company and has developed a new offering in Smart Home Control that combines high level functionality, quality and desirability, ease of setup and use and, most importantly, affordability. The products are compatible with other products in the range, are consumer installable, modular and wireless. The versatility of LightwaveRF has applications for solutions for heating, lighting, power, security and even energy management. A broadband connection will allow you to control any LightwaveRF devices remotely from a smartphone via an Internet connection signal. The portfolio currently comprises of around 20 different products.

# JSJS DESIGNS PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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### Review of Activities:

The order for Siemens-branded doorchimes, announced in October 2009, totalled US\$ 3 million. These doorchimes use radio frequency ("RF"), and can interact with other RF - controlled devices that are currently being considered for development. These orders have now been fulfilled and products are on sale in approximately 200 B&Q stores UK-wide with early demand exceeding expectations.

During the year, the Board has been able to progress discussions with a number of other potential customers interested in both door chimes and room control products - both in the UK and abroad - notably in Europe and the USA. Some of these discussions are well advanced.

Although market entry was delayed due to the complexity of both supplier and customer relationships, the business has ended the year in a stronger position having developed the ability to operate as both a product supply as well as product development/licensing business dependent on customer circumstances.

### Financials:

Turnover for the period was £443,854 compared with (2009: £157,519) for the comparative period last year. Loss before tax was £853,124 (2009: £936,000). Cash at bank stands at £139,927 at year end (2009: £5,462). Total assets at the year end were £ 1,087,976 (2009: £416,257).

As previously announced, in September 2010 the Company raised £300,000 through a placing of new ordinary shares. It was the second placing during 2010 that was carried out at a premium to the prevailing share price.

There remains a requirement for further working capital to enable the Group to fulfil anticipated orders for all products, from both existing and new customers, in the short term. An injection of capital will continue to help to move our new products towards commercial roll-out, a position we had hoped to be in by this stage. As a result, we have engaged our broker, SVS Securities Plc, to undertake a placing for this purpose. It is expected that further details will be announced within the next couple of months.

At the annual general meeting, to be held by the end of March, the Directors will request additional Directors' authority to allot new Ordinary Shares generally and on a non pre-emptive basis. The level of authority will enable the Directors to complete the expected placing and provide the flexibility for the Company to move quickly to take advantage of potential opportunities which may have a working capital requirement.

### Appointments

Mike Lord was appointed as Non-Executive Chairman in September, following his participation in that month's share placing. Mike has a proven track record in delivering fast profitable growth for investors growing his previous business turnover from £5 to £50M in a decade. He has the strategic management skills to help shape the business for the future as well as strong operational and financial understanding. We are delighted to have attracted someone of such high calibre to the Board, and welcome him to the management team.

Further strength to the executive team has also been made with Frank Tiller moving from Non-Executive to Executive responsibility for finance. In addition, Mr Simon Lane was recently appointed Sales and Marketing Director. The Board sees this a major boost to the management of the business as JSJS Designs moves from development phase to roll-out and sales phase. Simon's twenty years of blue chip retail sales experience will position the Company well with this major target customer group. In addition he also has a track record and relationships across the international markets particularly in North America and Central Europe.

## **JSJS DESIGNS PLC**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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#### **Outlook:**

Looking ahead, we are in discussions with a number of well known retail operators regarding our range of Room Control and Eco Management products. The Board sees this as testament to the potential of the product range and believes there are opportunities for our products to succeed in other markets, both geographically and for new applications of the technology.

Further additions to the existing heating control products are currently under development which will see the Company's offering in the ECO energy-efficiency market expanded, bringing a product range that delivers comfort, convenience and the ability to save energy, to a wide range of consumers.

Having learnt from the delays and frustrations of last year, our new positioning as an ip-holding design partner should ensure an exciting period of rapid sales growth in this coming year. The Company looks forward to exhibiting at The Gadget Show Live, the UK's ultimate consumer electronics event, which is being held at the NEC, Birmingham in April. We would be delighted if you are able to visit us at stand C17.

#### **GOING CONCERN OF BUSINESS**

During this financial year there was minimal turnover generated for reasons mentioned in the Review of Business in the Chief Executive's Report above. This has continued the strain on working capital. Accordingly, the following fund raising was completed during the financial year.

31<sup>st</sup> March 2010 Investment from Philip Poon £ 300,000

8<sup>th</sup> September 2010 Investment from Mike Lord £ 300,000

The directors have now updated their budgets and cash flow forecasts and despite receiving investment as above, it is anticipated that the company will require continuing financial support until late 2011. The nature and extent of the financial support is dependent upon the following factors:

- i. ) The group is soon embarking on a further institutional fund raising and is seeking to raise £750,000 net of fees. It is uncertain whether the target fund raising will be reached.
- ii. ) The group is in the process of finalising the terms of a new supply agreement with its major customer. It is uncertain when the agreement will be signed and how soon the agreement will generate cash inflows for the group.
- iii. ) The group is highly hopeful of additional cash inflows from new customers in the next few months. It is uncertain when these contracts will be signed and when the inflows will arise. It is also uncertain whether these sales will be on a full-supply basis or licensing income basis.
- iv. ) The group is currently reliant on the continuing support of a major supplier, which has offered extended credit terms to the group. It is uncertain whether the supplier will continue supporting the company.
- v. ) The group does not have overdraft and invoice discounting facilities with its bankers and such facilities will not be offered until the group has new customer contracts.

## **JSJS DESIGNS PLC**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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The directors recognise that the above issues cast a significant doubt on the group's ability to continue as a going concern and that the group may be unable to realise its assets and discharge its liabilities in the normal course of business. In the opinion of the directors:

- i) The fund raising target of £750,000 will be reached and the monies raised will be sufficient for the next 12 months.
- ii) The new supply agreement with the major customer will be signed within the next six weeks. This will contribute £ 264,500 per annum to pre tax profits.
- iii) The group will target to sign many new contracts by September 2011, which will significantly contribute to profits. These will be on a licensing basis.
- iv) The group has a good working relationship with the supplier who is also a shareholder and there are no indications that the extended credit terms will be withdrawn.
- v) Banking facilities will be sought to fund cash deficits.

For these reasons the directors believe that the group is a going concern.

# **JSJS DESIGNS PLC**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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### **PRINCIPAL RISKS AND UNCERTAINTIES**

At present, JSJS Designs plc is dependent upon the performance of its wholly-owned subsidiary, JSJS Designs (Europe) Limited. The principal risks and uncertainties associated with JSJS Designs (Europe) Limited are as follows:

The company's future success is substantially dependent on the continued services and performance of its directors, senior management and other key personnel and its ability to continue to attract and retain highly skilled and qualified personnel.

The company is substantially dependent on the general level of economic activity and economic conditions in the United Kingdom. Any downturn in the economy, or any other macroeconomic factor, either in the UK or globally, may reduce the number of contracts coming up for bidding.

Substantial cost and management time can be incurred to prepare bids and proposals for contracts that the company may not ultimately win. The company may also face additional competition from new market entrants.

The business of the company is dependent upon the order book it has and relationships that it has developed with certain customers. For the year ended 30<sup>th</sup> September 2010, sales were dependent on a sole customer, Electrium Sales Limited, which accounted for 100% of turnover.

The successful completion and timing of contracted projects are not guaranteed and are susceptible to external factors outside of the control of the company. Similarly, contracted projects may in some circumstances be susceptible to delays or variation by customers or be affected by unforeseen changes in circumstances relating to the market, technology, legislation, economic or other business factors. This may affect the cash flow and subsequent performance of the company.

The company utilises subcontractors on a project-by-project basis to meet contractual obligations. Such projects will rely on the subcontractors performing their duties and obligations, not only in terms of timely delivery but also in terms of their performance obligations. Any such non-performance may result in time and cost over-runs on the company's projects and reduce the value of its returns.

Despite these risks and uncertainties the directors wish to comment that last year was characterised by the close cooperation of the Company's staff with the technical teams in both Taiwan and China. The teams worked together well and a good rapport now exists. Many technical difficulties have been overcome and the resulting products are everything they hoped they would be. This has put the Company in an excellent position to provide major retailers with a unique modular range of power and lighting controllers that both look appealing but also offer many extra smart home features.

Financial risks associated with the Group are detailed in note 19 to the financial statements.

### **KEY PERFORMANCE INDICATORS**

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

# JSJS DESIGNS PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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### DIRECTORS

The Directors during the period under review were:

John Shermer  
John Sinclair  
Howard Marshall      resigned 29<sup>th</sup> September 2010  
Frank Tiller  
Mike Lord              appointed 29<sup>th</sup> September 2010  
Simon Lane            appointed 29<sup>th</sup> September 2010

All the Directors, being eligible, offer themselves for election at the forthcoming Annual General Meeting.

### DIRECTORS' INSURANCE

The Company has purchased and maintained throughout the period directors' liability insurance.

### SUBSTANTIAL SHAREHOLDERS

At 19<sup>th</sup> January 2011, the Company had been notified of the following beneficial interests in 3% or more of its issued share capital pursuant to the Companies Act 2006:

	<b>% of issued share capital</b>
JOHN THOMAS SHERMER ESQ	19.59%
JOHN SCOT SINCLAIR ESQ	19.59%
SVS (NOMINEES) LIMITED	10.59%
MICHAEL LORD ESQ	5.88%
REDMAYNE (NOMINEES) LIMITED	5.68%
VIDACOS NOMINEES LIMITED	3.07%

### DIVIDENDS

No dividends will be distributed for the period ended 30 September 2010.

## **JSJS DESIGNS PLC**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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#### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

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 prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted by the European Union.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which 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 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 the financial statements may differ from legislation in other jurisdictions.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The Company's subsidiary, JSJS Designs (Europe) Limited, is engaged in the design, development and manufacture of home automation systems to enable consumers to remotely operate everyday household appliances. During the year ended 30 September 2010, JSJS Designs (Europe) Limited embarked on a research and development program to produce a wide range of door chime products and home automation products.

#### **CREDITORS PAYMENT POLICY**

The group operating company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions. Creditor days are 29 Days.

## **JSJS DESIGNS PLC**

### **REPORT OF THE DIRECTORS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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#### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **AUDITORS**

H W Fisher & Company have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed as auditors to the Company for the ensuing year.

#### **ON BEHALF OF THE BOARD:**

**John Shermer**  
**Director**

Date: 8<sup>th</sup> March 2011.

# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF JSJS DESIGNS PLC

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We have audited the Group financial statements of JSJS Designs plc for the year ended 30 September 2010 which comprise the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Group'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 Group'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 Group and the Group'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 page 11, 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 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 of the financial statements**

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 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 of the parent company's affairs as at 30<sup>th</sup> September 2010 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; and
- 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.

## **Opinion on other matters**

In our opinion:

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF JSJS DESIGNS PLC - continued**

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### **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.

### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1(a) to the financial statements concerning the group's ability to continue as a going concern. During the year the group has made further losses of £835,605 and at the year end the group had a deficit of £289,551 on the balance sheet. The financial statements have been prepared on a going concern basis, the validity of which, is dependant upon: the success of the fund raising that will soon take place; the prompt signing of a new supply agreement with a major customer; new customer contracts being signed significantly contributing to profits; the on-going support of a major supplier to continue offering extended credit facilities; and new banking facilities being obtained. These conditions indicate the existence of material uncertainty that may cast significant doubt over the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

**Gary Miller (Senior Statutory Auditor)**  
**For and on behalf of H W Fisher & Company**  
Chartered Accountants  
Statutory Auditor  
Acre House  
11-15 William Road  
London  
NW1 3ER  
United Kingdom

Date: 8<sup>th</sup> March 2011.

**JSJS DESIGNS PLC****CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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	Notes	Year Ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	2	443,854	157,519
Cost of sales		(440,328)	(105,871)
<b>GROSS PROFIT</b>		<hr/> 3,526	51,648
Other operating Income	5	75,000	-
Administrative expenses		(923,550)	(793,864)
One-off listing costs		-	(167,362)
Charge in respect of share based payments		-	(26,887)
<b>(LOSS) FROM OPERATIONS</b>	5	<hr/> (845,024)	(936,465)
Net finance (expense)/revenue	6	(8,099)	242
<b>(LOSS) BEFORE INCOME TAX</b>		<hr/> (853,123)	(936,223)
Income tax credit	7	27,518	26,500
<b>(LOSS) FOR THE PERIOD</b>		<hr/> (825,605)	(909,723)
Basic and diluted (loss) per share	8	(£0.00366)	(£0.00529)

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# JSJS DESIGNS PLC

## CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2010

	Notes	30-Sep-10 £	30-Sep-09 £
<b>ASSETS</b>			
Property, plant and equipment	11	11,375	13,250
		<u>11,375</u>	<u>13,250</u>
<b>Current Assets</b>			
Trade and other receivables	12	465,698	38,823
Cash and cash equivalents	16	139,927	5,462
		<u>605,625</u>	<u>44,285</u>
<b>TOTAL ASSETS</b>		<u>617,000</u>	<u>57,535</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued share capital	14	252,533	200,000
Unissued share capital	15	50,000	20,000
Share premium account		1,149,267	411,800
Reverse acquisition reserve		(100,616)	(100,616)
Retained losses		(1,640,735)	(815,130)
Total equity		<u>(289,551)</u>	<u>(283,946)</u>
<b>Current liabilities</b>			
Trade and other payables	13	806,551	241,481
Short term borrowings	13	100,000	100,000
Total liabilities		<u>906,551</u>	<u>341,481</u>
<b>Total equity and liabilities</b>		<u>617,000</u>	<u>57,535</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8<sup>th</sup> March 2011.

**John Shermer**  
Director

# JSJS DESIGNS PLC

## COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2010

	Notes	30-Sep-10 £	30-Sep-09 £
<b>ASSETS</b>			
Investments	10	100,620	100,620
		<u>100,620</u>	<u>100,620</u>
<b>Current Assets</b>			
Trade and other receivables	12	849,152	315,341
Cash and cash equivalents	16	138,204	296
		<u>987,356</u>	<u>315,637</u>
		<u>1,087,976</u>	<u>416,257</u>
<b>TOTAL ASSETS</b>			
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued share capital	14	252,533	200,000
Unissued share capital	15	50,000	20,000
Share premium account		1,149,267	411,800
Retained losses		(421,175)	(249,117)
Total equity		<u>1,030,625</u>	<u>382,683</u>
<b>Current liabilities</b>			
Trade and other payables	13	57,351	33,574
Total liabilities		<u>57,351</u>	<u>33,574</u>
<b>Total equity and liabilities</b>		<u>1,087,976</u>	<u>416,257</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8<sup>th</sup> March 2011

**John Shermer**  
Director

# JSJS DESIGNS PLC

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
<b>Cash flow from operating activities</b>			
(Loss)/profit before interest and income tax		(920,025)	(936,465)
<b>Adjusted for:</b>			
Depreciation		4,875	4,750
Charge in respect of share based payments		-	26,887
Decrease in inventories		-	58,643
(Increase) in trade and other receivables		(426,875)	(28,927)
Increase in trade and other payables		565,070	204,293
Unissued share capital		30,000	20,000
<b>Cash absorbed by operations</b>		<u>(746,955)</u>	<u>(650,819)</u>
Finance costs		(8,131)	(656)
Other operational Income		75,000	-
Income tax set-off/(paid)		27,518	(3,928)
		<u>(652,568)</u>	<u>(655,403)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(3,000)	(6,000)
Purchase of subsidiary undertakings		-	(620)
Finance revenue		33	898
		<u>(2,967)</u>	<u>(5,722)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		790,000	550,000
Expenses of share issues			(38,200)
		<u>790,000</u>	<u>511,800</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		134,465	(149,325)
<b>Cash and cash equivalents at 1 October 2009</b>		5,462	154,787
<b>Cash and cash equivalents at 30 September 2010</b>	16	<u>139,927</u>	<u>5,462</u>

## JSJS DESIGNS PLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2010

#### GROUP

	Issued Share Capital	Unissued Share Capital	Share Premium	Share Based Payment	Reverse Acquisition reserve	Retained Earnings/ (Losses)	Total Equity
<b>As at 1st August 2008</b>	4	-	-	-	-	67,706	67,710
Shares Issued	200,000		450,000	-	-	-	650,000
Shares Unissued		20,000	-	-	-	-	20,000
Expenses of Issue	-		(38,200)	-	-	-	(38,200)
Reverse Acquisition	(4)			-	(100,616)	-	(100,620)
Share based payments				26,887	-	-	26,887
Loss for the Period	-			-	-	(909,723)	(909,723)
Transfer to P & L reserve	-			(26,887)	-	26,887	-
<b>As at 30th September 2009</b>	200,000	20,000	411,800	-	(100,616)	(815,130)	(283,946)
Shares Issued	52,533	-	737,467	-	-	-	790,000
Shares Unissued	-	30,000	-	-	-	-	30,000
Loss for the Period	-	-	-	-	-	(825,605)	(825,605)
<b>As at 30th September 2010</b>	252,533	50,000	1,149,267	-	(100,616)	(1,640,735)	(289,551)

#### Share based payment reserve

The share based payments reserve represents the fair value of options and warrants granted for compensation of goods or services received. The cost of granting share based payments is recognised through the income statement.

## JSJS DESIGNS PLC

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2010

#### COMPANY

	Issued Share Capital	Unissued Share Capital	Share Premium	Share Based Payment	Retained Earnings/ (Losses)	Total Equity
<b>As at 5th September 2008</b>						
Shares Issued	200,000	-	450,000	-	-	650,000
Shares Unissued		20,000	-	-	-	20,000
Expenses of Issue	-		(38,200)	-	-	(38,200)
Share based payments				26,887	-	26,887
Loss for the Period	-			-	(276,004)	(276,004)
Transfer to P & L reserve	-			(26,887)	26,887	-
<b>As at 30th September 2009</b>	200,000	20,000	411,800	-	(249,117)	382,683
Shares Issued	52,533	-	737,467	-	-	790,000
Shares Unissued	-	30,000	-	-	-	30,000
Loss for the Period	-	-	-	-	(172,058)	(172,058)
<b>As at 30th September 2010</b>	252,533	50,000	1,149,267	-	(421,175)	1,030,625

#### Share based payment reserve

The share based payments reserve represents the fair value of options and warrants granted for compensation of goods or services received. The cost of granting share based payments is recognised through the income statement.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 1. GENERAL INFORMATION

JSJS Designs (Europe) Limited is a limited liability company incorporated and domiciled in England & Wales.

The principal activity of the company during the period was the design and manufacture of equipment to remotely control domestic devices and systems.

The address of the registered office is given on page 3.

#### ACCOUNTING POLICIES

##### (a) Basis of preparation of the financial statements

These accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as adopted by the EU, and in accordance with the Companies Act 2006.

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 company's accounting policies.

At the year end the group has net liabilities of £(289,551), (2009 £283,946) with a cash balance of £139,927 (2009 £5,462.). During this financial year there was minimal turnover generated for reasons mentioned in the Review of activities in the Directors' report above. This has continued the strain on working capital. Accordingly, the following fund raising was completed during the financial year.

31<sup>st</sup> March 2010 Investment from Philip Poon £ 300,000

8<sup>th</sup> September 2010 Investment from Mike Lord £ 300,000

The directors have now updated their budgets and cash flow forecasts and despite receiving investment as above, it is anticipated that the company will require continuing financial support until late 2011. The nature and extent of the financial support is dependent upon the following factors:

- i. ) The group is soon embarking on a further institutional fund raising and is seeking to raise £750,000 net of fees. It is uncertain whether the target fund raising will be reached.
- ii. ) The group is in the process of finalising the terms of a new supply agreement with its major customer. It is uncertain when the agreement will be signed and how soon the agreement will generate cash inflows for the group.
- iii. ) The group is highly hopeful of additional cash inflows from new customers in the next few months. It is uncertain when these contracts will be signed and when the inflows will arise. It is also uncertain whether these sales will be on a full-supply basis or licensing income basis.
- iv. ) The group is currently reliant on the continuing support of a major supplier, which has offered extended credit terms to the group. It is uncertain whether the supplier will continue supporting the company.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 1. GENERAL INFORMATION

##### ACCOUNTING POLICIES - Continued

##### (a) Basis of preparation of the financial statements - continued

- v.) The group does not have overdraft and invoice discounting facilities with its bankers and such facilities will not be offered until the group has new customer contracts.

The directors recognise that the above issues cast a significant doubt on the group's ability to continue as a going concern and that the group may be unable to realise its assets and discharge its liabilities in the normal course of business. In the opinion of the directors:

- i) The fund raising target of £750,000 will be reached and the monies raised will be sufficient for the next 12 months.
- ii) The new supply agreement with the major customer will be signed within the next six weeks. This will contribute £ 264,500 per annum to pre tax profits.
- iii) The group will target to sign many new contracts by September 2011, which will significantly contribute to profits. These will be on a licensing basis.
- iv) The group has a good working relationship with the supplier who is also a shareholder and there are no indications that the extended credit terms will be withdrawn.
- v) Banking facilities will be sought to fund cash deficits.

For these reasons the directors believe that the group is a going concern.

The financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations as issued by the International Accounting Standards Board and adopted by the EU, and have been prepared using the historical cost convention unless as otherwise stated below. The financial statements are prepared in Pounds Sterling, which is the functional currency of the United Kingdom, rounded to the nearest pound.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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1. **GENERAL INFORMATION - continued**

**b) Basis of consolidation**

The financial statements have been prepared using the reverse accounting provisions of International Financial Reporting Standard 3.

Reverse accounting has been determined to be required in accounting for the business combination of the Company and JSJS Designs (Europe) Limited because following the business combination, the Parent company is effectively controlled by the Board and the former shareholders of JSJS Designs (Europe) Limited. In effect, the transaction is accounted for as though JSJS Designs (Europe) Limited was the acquiring company rather than the acquired and JSJS Designs plc has been treated as a subsidiary. The reverse acquisition reserve consists of amounts arising from the adjustment made to the equity instruments of the legal acquiree in reverse acquisition accounting.

The Group has calculated the Goodwill arising on the business combination as being the fair value of the consideration deemed to have been paid by JSJS Designs (Europe) Limited, as calculated in accordance with IFRS 3 Appendix B, less the fair value of the Parent company's assets and liabilities at the date of the business combination.

The fair value of the consideration has been calculated based on the fair value of the shares in JSJS Designs (Europe) Limited at the date of the business combination, as determined with reference to the fair value of the shares upon admission to trading on the Alternative Investment Market that was linked to the acquisition.

The Consolidated Balance Sheet comprises the combined balances of JSJS Designs (Europe) Limited and the Company at 30<sup>th</sup> September 2010. Intercompany balances and transactions are eliminated on consolidation.

**c) Goodwill**

Goodwill arising on the acquisition of a subsidiary 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 recognised at the date of acquisition. The Group has calculated the Goodwill arising on the business combination as being the fair value of the consideration deemed to have been paid by JSJS Designs (Europe) Limited, as calculated in accordance with IFRS 3 Appendix B, less the fair value of the Parent company's assets and liabilities at the date of the business combination.

**d) Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods in the ordinary course of the group's activities (excluding VAT and other sales taxes, returns, rebates and discounts). Revenue is recognised when goods are despatched.

# JSJS DESIGNS PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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### 1. GENERAL INFORMATION - continued

#### e) Segmental Information

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.

Based on an analysis of risks and returns, the Directors consider that the Group has only one identifiable operating segment which is primarily geographical.

#### f) Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing material adjustment to the financial statements are discussed below:

The company estimates the useful life of property, plant and equipment and reviews this estimate at each financial period end. The company also tests for impairment whenever a trigger event occurs.

Where the group makes use of the services of subcontractors, a provision is made for the potential liability to PAYE until the self-employment status of the subcontractors has been confirmed. This liability is recognised within other payables falling due in less than one year.

In connection with the acquisition of JSJS Designs (Europe) Limited on 24<sup>th</sup> October 2008, and under an amended agreement dated 11<sup>th</sup> November 2008, deferred consideration is payable to the vendors if certain criteria are met (see note 14 Page 37). The estimate for the deferred consideration is made in the light of forecasts and is re-measured on an annual basis.

#### g) Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# JSJS DESIGNS PLC

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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### 1. GENERAL INFORMATION - continued

#### h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged on a straight line basis over four years.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the income statement.

#### i) Financial assets

The Group classifies its financial assets as loans and receivables which include trade and other receivables, loans and cash at bank, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables) and also incorporate other types of contractual monetary assets. The Group considers that there are no significant differences between the historical value and fair value of its financial assets.

#### j) Inventories

Although there is no inventory as at 30<sup>th</sup> September 2010, if there had been, inventories are valued at the lower of cost and net realisable value on a first-in-first-out basis. Cost comprises purchase cost of goods, direct labour and those overheads related to manufacture and distribution based on normal activity levels. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

#### k) Trade and other receivables

Trade receivables are not interest-bearing and are stated at their historical value, reduced by appropriate allowances for estimated recoverable amounts. The fair value of the Group's trade and other receivables is equivalent to their book values as set out in the financial information.

#### l) Cash and cash equivalents

Cash and cash equivalents comprise current and deposit account bank balances which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement

#### m) Financial liabilities

The Group classifies its financial liabilities as other financial liabilities which include trade and other payables issued by the Group. The Company considers that there are no significant differences between the historical value and fair value of its financial liabilities

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 1. GENERAL INFORMATION - continued

##### n) Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost using the effective interest rate method.

##### o) Trade and other payables

Trade payables are not interest-bearing and are stated at their historical value. The fair value of the Group's trade and other payables is equivalent to their book values as set out in the financial information.

##### p) Taxation

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

##### i) Current tax

Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible 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 substantively enacted by the balance sheet date.

##### (ii) Deferred tax

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, and 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 generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# JSJS DESIGNS PLC

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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### 1. GENERAL INFORMATION - continued

#### (ii) Deferred tax – continued

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets 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 assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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.

#### (iii) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items credited or debited directly to equity, in which case tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

#### q) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

#### r) Equity instruments

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

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 1. GENERAL INFORMATION - continued

##### s) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the profit and loss reserve. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

##### t) Share Premium Account

During the year 52,533,330 shares were issued and £ 737,467 was added to the Share Premium Account.

##### u) Reverse acquisition reserve

The reverse acquisition reserve arises as a result of the method of accounting for the acquisition of JSJS Designs (Europe) Limited by the company. In accordance with IFRS 3 the acquisition has been accounted for as a reverse acquisition.

##### v) Foreign Currency

Transactions in currencies in currencies other than the Group's functional currency (Pounds Sterling) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the income statement for the period.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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**1. GENERAL INFORMATION - continued**

**w) Standards, interpretations and amendments to published standards that are not yet effective**

Certain new standards, amendments and interpretations have been issued by the IASB that are not yet effective. The Group has not adopted any of these standards, amendments or interpretations early.

- IFRS 9 Financial instruments: Classification and measurement (effective 1 January 2013). There would be no impact on these financial statements if this standard were in effect now.
- IAS 7 (amendments) Statement of cash flows (effective 1 January 2010). There would be no impact on these financial statements if this standard were in effect now.
- IAS 17 (amendments) Leases (effective 1 January 2010). There would be no impact on these financial statements if this standard were in effect now.
- IAS 24 (revised) Related party disclosures (effective 1 January 2011). These financial statements already comply with this standard.
- IAS 32 (amendments) Financial instruments: Presentation (effective 1 January 2009 and 1 February 2010). There would be no impact on these financial statements if this standard were in effect now.
- IAS 36 (amendments) Impairment of assets (effective 1 January 2009 and 1 January 2010). There would be no impact on these financial statements if this standard were in effect now.
- IAS 39 (amendments) Financial instruments: Recognition and measurement (effective 1 January 2009, 30 June 2009, 1 July 2009 and 1 January 2010). There would be no impact on these financial statements if this standard were in effect now.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 2. REVENUE

Geographical analysis of revenue is as follows:

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
United Kingdom	443,854	111,165
Europe	-	46,354
Total revenue	<u>443,854</u>	<u>157,519</u>

#### 3. EMPLOYEES AND DIRECTORS

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
Wages and salaries	218,505	179,146
Social security cost	23,081	68,357
Other benefits	14,313	12,000
	<u>255,899</u>	<u>259,503</u>

The Directors have service agreements, which require not more than 12 months notice of termination. The remuneration packages consist of basic salary or fees.

The remuneration of the Directors was as follows:

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
Wages and salaries	184,733	156,267
Social security cost	21,217	17,635
Other benefits	14,313	12,000
	<u>220,263</u>	<u>185,902</u>

The aggregate emoluments of the highest paid director was £81,513 (2009 - £76,400).

	Year ended 30-Sep-10	14 Months ended 30-Sep-09
The average monthly number of employees was as follows:		
Directors and employees	<u>6</u>	<u>5</u>

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 4. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 408 Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Company made a loss for the year of £ 172,058.

#### 5. OPERATING LOSS

The operating loss is stated after charging or crediting:

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
<b>After Charging:-</b>		
Auditors remuneration:		
- fees paid to former auditors for the audit of the Subsidiary Annual Accounts	-	11,250
- fees payable to the Company's auditors for the audit of the Company's annual accounts	7,800	3,750
- fees payable to the Company's auditors for the audit of the subsidiary's annual accounts	13,700	6,750
- fees payable to Company's auditors for the review of tax computations	2,000	1,000
Research & development costs	56,820	24,897
Depreciation	4,875	4,750
	<u>85,195</u>	<u>52,397</u>
<b>After Crediting:-</b>		
Other operational Income	<u>75,000</u>	<u>-</u>

# JSJS DESIGNS PLC

## NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

### 6. NET FINANCE COSTS

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
<b>Finance expenses</b>		
Bank loan interest	(3,599)	(656)
Bank Charges	(4,533)	-
<b>Finance income</b>		
Bank interest	33	898
	<u>(8,099)</u>	<u>242</u>

### 7. INCOME TAXATION

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
Tax expense comprises:		
Current tax	-	-
Tax in respect of prior periods	27,518	(26,500)
Current tax charge	<u>27,518</u>	<u>(26,500)</u>
Profit/(loss) from continuing operations	<u>(853,123)</u>	<u>(936,223)</u>
Income tax expense calculated at 28%	(238,874)	(262,142)
Effect of expenses that are not deductible in determining taxable profit	14,053	54,420
Effect of capital allowances	972	360
Effect of tax reclaimed in respect of prior periods	27,518	(26,500)
Effect of unused tax losses and tax offsets	223,849	207,362
Current tax charge	<u>27,518</u>	<u>(26,500)</u>

The total amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is £1,376,727 having a tax value of £ 385,484 @ 28% Corporation tax rate (2009 - £738,408 having a tax value of £ 206,754 @ Corporation Tax Rate of 28%). This asset has not been recognised due to uncertainties over the availability of sufficient future profits to recover the asset.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 8. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss for the financial period attributable to shareholders by the weighted average number of shares in issue. The remaining securities in issue are not dilutive as at 30 September 2010.

	<b>Year ended 30-Sep-10 Number</b>	<b>14 Months ended 30-Sep-09 Number</b>
The weighted average number of shares were:		
Weighted average number of ordinary shares	225,752,511	1,692,942,281
Effect of outstanding options shares	726,790	352,940
	<u>226,479,301</u>	<u>170,647,169</u>
Adjusted weighted average number of ordinary shares		
Basic and diluted loss per share	(£0.00366)	(£0.00529)

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 9. BUSINESS COMBINATION

On 24 October 2008, the Company acquired the entire share capital of JSJS Designs (Europe) Ltd by means of a share exchange whereby the shareholders in JSJS Designs (Europe) Ltd received shares in the Company. In preparing the consolidated financial statements, JSJS Designs (Europe) Ltd has been deemed to be the acquirer and the Company, the legal parent, has been deemed to be acquiree.

In accordance with IFRS 3 "Business Combinations" this transaction has been accounted as a reverse acquisition. The key features of this basis of consolidation are:

- The consolidated IFRS financial statement is a continuation of the financial statement of JSJS Designs (Europe) Ltd and the retained earnings recognised are a continuation of those of JSJS Designs (Europe) Ltd immediately before the business combination.
- The consolidated income statement for the 14 months ended 30 September 2009 includes the results of JSJS Designs (Europe) Ltd for the 14 months ended 30 September 2009 and of JSJS Designs plc from 5 September 2008, the date of incorporation.
- The assets and liabilities of JSJS Designs (Europe) Ltd are measured based on their pre-combination carrying amounts.
- The equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, JSJS Designs plc. However, the total issued equity instruments reflect that of the legal subsidiary, JSJS Designs (Europe) Ltd. To achieve this a reverse acquisition reserve of £100,616 has been created, being the difference between the required Group equity instruments and the reported equity of the parent.
- JSJS Designs plc has been consolidated from the date of the reverse acquisition using the fair value of its assets and liabilities at that date.

The net assets of JSJS Designs plc were:

	<b>Net book and Fair value</b>
	<b>£</b>
Cash	50,000
Cost of combination	<u>(50,000)</u>

#### 10. INVESTMENTS IN SUBSIDIARIES

	<b>Company 30-Sep-10</b>
	<b>£</b>
<b>Cost</b>	
As at 1 October 2009	100,620
Additions	-
As at 30 September 2010	<u>100,620</u>

The Company owns 100% of the issued share capital of JSJS Designs (Europe) Limited, a company registered in the UK.

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## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 11. PROPERTY, PLANT AND EQUIPMENT

##### GROUP – PERIOD ENDED 30<sup>th</sup> September 2009

	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>		
As at 1st August 2008	12,000	12,000
Additions	6,000	6,000
As at 30 September 2009	<u>18,000</u>	<u>18,000</u>
<b>Depreciation</b>		
As at 30 September 2009	<u>(4,750)</u>	<u>(4,750)</u>
Net book value at 30 September 2009	<u>13,250</u>	<u>13,250</u>

##### GROUP – YEAR ENDED 30 SEPTEMBER 2010

	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>		
As at 1 October 2009	18,000	18,000
Additions	3,000	3,000
As at 30 September 2010	<u>21,000</u>	<u>21,000</u>
<b>Depreciation</b>		
As at 1 October 2009	(4,750)	(4,750)
Charge for the period	(4,875)	(4,875)
As at 30 September 2010	<u>(9,625)</u>	<u>(9,625)</u>
Net book value at 30 September 2010	<u>11,375</u>	<u>11,375</u>

The Company had no property, plant and equipment during either period.

# JSJS DESIGNS PLC

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

### 12. TRADE AND OTHER RECEIVABLES

	Group 30 September 2010 £	Group 30 September 2009 £	Company 30 September 2010 £	Company 30 September 2009
Amounts falling due within one year:				
Trade receivables	326,462	19,721		-
Amounts owed by Group Companies		-	820,082	303,345
Other debtors	6,901	6,841	6,257	28
Prepayments & Accrued Income	132,335	12,261	22,813	11,968
	<u>465,698</u>	<u>38,823</u>	<u>849,152</u>	<u>315,341</u>
			Group 30 September 2010 £	Group 30 September 2009 £

The ageing analysis of trade receivables is given as follows:

	291,959	19,721
Less than one month past due		
More than 1 month and less than 3 months past due	23,900	-
More than 3 months past due	10,603	-
	<u>326,462</u>	<u>19,721</u>

The Group does not hold any collateral as security. At the year end, the carrying amounts of the Group's trade and other receivables were denominated in Pounds Sterling.

### RELATED PARTY LOANS

	Year ended 30-Sep-10 £	14 Months ended 30-Sep-09 £
Loan to JSJS Designs (Europe) Limited	820,082	303,345
<b>Transactions during the year:-</b>		
Transfers of funds to Subsidiary Company	583,500	443,000
Expenses paid by Subsidiary Company	(66,763)	(139,655)
	<u>516,737</u>	<u>303,345</u>

There is no formal loan agreement or interest payable on this loan.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

#### 13. TRADE AND OTHER PAYABLES

	Group 30 September 2010 £	Group 30 September 2009 £	Company 30 September 2010 £	Company 30 September 2009 £
Trade payables	504,620	118,381	40,539	25,554
Other taxes and social security	9,816	27,588	-	-
Other payables	175,624	80,553	-	-
Accruals	116,491	14,959	16,812	8,020
	<u>806,551</u>	<u>241,481</u>	<u>57,351</u>	<u>33,574</u>
EFG Loan	100,000	100,000	-	-
	<u>906,551</u>	<u>341,481</u>	<u>57,351</u>	<u>33,574</u>

At the year end, the carrying amounts of the Company's trade and other payables were denominated in Pounds Sterling.

The purpose of the loan was for working capital and was taken out under the government backed Enterprise Finance Guarantee scheme. The original term was to repay the loan in full on 21<sup>st</sup> June 2010. On 21<sup>st</sup> May 2010 the loan was rolled over and to be repaid in full on 24<sup>th</sup> December 2010. On 21<sup>st</sup> December 2010 was again rolled over and is now repayable in full on 31<sup>st</sup> March 2011. The interest rate is currently 5.33% over the Bank's base rate.

JSJS Designs (Europe) Limited has provided HSBC Bank plc with a Fixed Equitable Charge over all present and future freehold and leasehold property; First Fixed Charge over, among other things, book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future.

Both John Thomas Shermer and John Scot Sinclair limited have given personal Guarantees of £ 12,500 each

There is a potential liability to PAYE in the sum of £50,000 (2009: £50,000), which has been recognised, and a provision made in the accounts. The potential liability arises from the company's concern that a contractor whose services were used in 2009 had other clients during the year and would not otherwise have been treated as employed by the subsidiary company JSJS Designs (Europe) Limited.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 14 (i) CALLED UP SHARE CAPITAL

	Company 30 September 2010 £	Company 30 September 2009 £
Authorised:		
1,000,000,000 ordinary shares 0.1p each	1,000,000	1,000,000
	=====	=====
Allotted, called up & fully paid:		
252,533,330 ordinary shares of 0.1p each	252,533	200,000
	=====	=====

52,533,330 ordinary shares of 0.1p each were allotted during the year raising £ 760,000 in share placings and £30,000 in return for services received.

All issued shares rank pari passu for the purposes of dividends, voting, and any return of capital.

The Company has in existence an option convertible into 2 million New Ordinary shares as shown on exercise. The option carries neither rights to dividends nor voting rights. The option may be exercised at any time after 7 April 2009 and thereafter in two equal stages in January and July of each subsequent year. The option was not exercised during the year.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

**14 (i) CALLED UP SHARE CAPITAL - continued**

**Options:**

	<u>Number</u>	<u>Period</u>	<u>Exercise Price (pence)</u>
<b>Brought Forward</b>			
Issued 20/11/08	533,333 p.a.	Ongoing	3.75p
Issued 20/11/08	2,000,000	5 Years	1.00p
<b>Lapsed in Year</b>			
Issued 20/11/08	533,333 p.a.	Ongoing	3.75p
<b>Carried Forward</b>			
Issued 20/11/08	2,000,000	5 Years	1.00p

The 2,000,000 options with a fair value of 1 pence at date of grant have been priced using the Black-Scholes method. The inputs into the Black-Scholes model were as follows:

	<b>2008</b>
Weighted average share price (pence)	3
Weighted average exercise price (pence)	1
Expected volatility	77%
Risk free rate	3.4%
Expected dividends	None
Weighted average remaining contractual life (years)	2.5

Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the warrants), and behavioural considerations. Expected volatility is based on management's best estimate of the historic volatility of similar shares in the market.

The charge to the income statement for share based payments during the period ended 30 September 2010 was £ nil (2009 : £26,887).

At the year end the average exercise price was 1.00 pence (2009: 1.00 pence) and the average remaining life of the options was 3.2 years. (2009: 4.2 years)

**(ii) Deferred Consideration Shares**

In connection with the acquisition of JSJS Designs (Europe) Limited on 24 October 2008, is a deferred consideration of 50,000,000 ordinary shares which will only become payable in the event that:

- (i) the middle market value of the Purchasers Shares (as derived from the AIM Appendix of the Daily Official list) has, prior to the fifth anniversary of the date of admission to AIM, increased (and maintained such increase for a continuous period of one calendar month) by 50% or more, or
- (ii) the net profit of JSJS Designs (Europe) Limited exceeds £500,000 in any of the five financial years ending 2009 to 2013 inclusive.

The Directors have looked at forecasts and decided that no provision is required for deferred consideration.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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#### 15 UNISSUED SHARE CAPITAL

Unissued share capital of £45,000 relates to the Shareholder Agreement between the Company and the Chairman whereby the Chairman can receive 2,700,000 ordinary shares of 0.1p each at a fair value purchase price of 1.67p in lieu of his outstanding fees. This was completed in November 2010. £ 5,000 relates to an agreement with the Finance Director whereby a portion of his income is paid by way the issue of ordinary shares of 0.1p each at the mid market price at each month end. In this respect, no additional shares had been issued nor admitted to Aim market at the year end.

#### 16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances with banks and comprise the following balance sheet amounts:

	<b>Group</b> <b>30</b> <b>September</b> <b>2010</b> <b>£</b>	<b>Group</b> <b>30</b> <b>September</b> <b>2009</b> <b>£</b>	<b>Company</b> <b>30</b> <b>September</b> <b>2010</b> <b>£</b>	<b>Company</b> <b>30</b> <b>September</b> <b>2009</b> <b>£</b>
Cash and cash equivalents	139,927	5,462	138,204	296

The Group's cash and cash equivalents totalling £139,927 are all held at institutions rated by international credit agencies as at least AA or equivalent.

#### 17 RELATED PARTIES

The Company does not have a controlling party. The following transactions were carried out with related parties:

##### Purchases of goods and services

	<b>30 September</b> <b>2010</b> <b>£</b>	<b>30 September</b> <b>2009</b> <b>£</b>
Entities controlled by key management personnel	-	22,500

£ 435,264 (2009: £nil) of goods for resale was purchased from Styling City Industries Limited a company under the control of Mr Philip Poon (SVS Nominees), who on 31<sup>st</sup> March 2010, became a 10.59% shareholder in JSJS Designs Plc, the holding company. As at the year-end £ 441,741 (2009: £ nil) was owing to Styling City Industries Limited and is included in Trade Creditors.

During the year a Renault Laguna was purchased from John Shermer for £ 3,000. A total of £ 28,198 (2009: £ 15,702) of wages was paid to 5 members of John Shermer's family.

Mr Simon Lane was appointed Sales Director on 29<sup>th</sup> September 2010. As at the year end, £ 20,500 was owing to him for marketing services provided during the year and is included in Trade Creditors.

Key management compensation is shown on Note 13.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

18 OPERATING LEASE COMMITMENTS

There are no operating lease commitments.

19 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	30 September 2010	30 September 2009
	£	£
<b>Financial assets – Group</b>		
Trade and other receivables, excluding prepayments	431,463	26,562
Cash and cash equivalents	139,927	5,462
	<u>571,390</u>	<u>32,024</u>
<b>Financial assets – Company</b>		
Loans and receivables	849,153	303,373
Cash and cash equivalents	138,203	296
	<u>987,356</u>	<u>303,669</u>
<b>Other financial liabilities - Group</b>		
Trade and other payables, excluding statutory liabilities	796,735	313,893
	<u>796,735</u>	<u>313,893</u>
<b>Other financial liabilities - Company</b>		
Trade and other payables, excluding statutory liabilities	57,351	33,574
	<u>57,351</u>	<u>33,574</u>

The fair value of financial assets and liabilities equals their carrying amount. All financial assets and liabilities are due within one year.

(b) Market risk

The main risk arising from the Group's financial instruments are liquidity risk and changes in market values. The Group has not entered into any derivative transactions.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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**19 FINANCIAL INSTRUMENTS - continued**

**(c) Currency risk**

The Group is subject to foreign exchange risk in respect of some of its normal trading activities.

The Group enters into contracts and incurs costs in British pounds and US Dollars. The Group does not use currency derivatives to hedge future transactions and cash flows.

The sensitivity on foreign exchange risk covers monetary financial assets and liabilities that are denominated in a foreign currency, i.e. in a currency other than the currency in which they are measured. The following tables indicate the approximate effect on the profit after tax and the effect on other component of equity in response to reasonably possible changes in an exchange rate at the balance sheet date to which the Company has significant exposure.

	2010		2009	
	Effects on Profit after Tax	Effects on other component of equity	Effects on Profit after Tax	Effects on other component of equity
	£	£	£	£
£ to US \$				
£ appreciates by 5%	5,091	5,091	-	-
£ depreciates by 5%	(5,626)	(5,626)	-	-

**(d) Price risk**

The Directors do not consider price risk to be significant.

**(e) Credit risk**

The company has obtained payment in advance on most orders and deposits its cash with a reputable bank. Therefore it is not exposed to significant credit risk. At the period end all the Trade debtors were attributable to one customer, however the customer being a subsidiary of a Global brand, it is the directors' opinion that no provision for doubtful debts is required.

**(f) Liquidity risk**

The directors regularly review both short and medium term cash flow projections in order to manage the Company's cash flow.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principle liabilities of the Group and Company arise in respect of administrative expenditure, trade, and other payables. Trade and payables are all payable within three months.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

**(g) Interest Rate Risk**

The Group and the Company are exposed to interest rate risk in respect of an interest bearing Enterprise Finance Guarantee loan which is a variable rate instrument. The Group and Company are also exposed to interest rate risk in respect of surplus funds held on deposit.

## JSJS DESIGNS PLC

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 SEPTEMBER 2010

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**(h) Fair value of financial assets and liabilities**

The directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities.

**(i) Cash flow interest rate risk**

Interest rate changes may affect the Group's ability to raise funds for future projects by influencing the amount to which investors are willing to commit.

**(j) Capital risk**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. The directors regularly review both short and medium term forecasts to achieve this.