

# COBURG GROUP

**COBURG GROUP PLC**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2010**

# Contents

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Directors and Advisors	2
Chairman's Statement	3
Report of the Directors	5
Corporate Governance	13
Report of the Remuneration Committee	14
Independent Auditors' Report	16
Group Statement of Comprehensive Income	19
Consolidated Statement of Changes in Equity	20
Company Statement of Changes in Equity	21
Group Statement of Financial Position	22
Company Statement of Financial Position	23
Group Statement of Cash Flows	24
Company Statement of Cash Flows	25
Notes to the Cash Flow Statement	26
Notes to the Financial Statements	27
Notice of Annual General Meeting	53
Form of Proxy	55

# Directors and Advisors

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## The Board of Directors

### **Konrad P Legg**

*(Chairman)\* †*

Konrad Legg was appointed as a director of the company on 8 July 1999 and is also a director of M.P. Evans Group PLC

### **Chris W Birkle ACA**

*(Non Executive Director)*

Chris Birkle joined the company on 01 October 2004 and was group managing director from 03 May 2005 to 30 September 2009. He is also finance director of Mint Design Ltd

### **Jeremy S P Maynard**

*(Non-Executive Director)\* †*

Jeremy Maynard was appointed as a non-executive director on 31 October 2009.

*\*Member of the Audit Committee*

*†Member of the Remuneration committee*

## Senior Management

### **Bryan Stockley**

*(Managing Director, Coburg Coffee Company Ltd)*

Bryan Stockley joined the group in June 1999.

### **Marisa Iannetta**

*(Financial Controller)*

Marisa Iannetta joined the group in April 2006.

## Head office and Registered office

Unit 3, Harrington Way  
Warspite Road  
Woolwich  
London SE18 5NU  
020 8317 0103

**Registered number** 2956279

## Auditors

Horwath Clark Whitehill LLP  
10 Palace Avenue  
Maidstone  
Kent  
ME 15 6NF

## Banker

Barclays Bank Plc Level 27  
1 Churchill Place London  
E14 5HP

## Nominated Adviser

Grant Thornton Corporate Finance  
30 Finsbury Square  
London EC2P 2YU

## Registrar

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
West Yorkshire HD8 0LA

## Brokers

Merchant Capital Ltd  
7th Floor, Aldermary House  
10-15 Queen Street  
London EC4N 1TX

# Chairman's Statement

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Following my reappointment as Chairman last year, I am delighted to be able to report a return to profits after many years of losses. Profit after tax amounted to £106,000 compared with a loss of (£123,000) in the previous year.

This is an especially creditable achievement, as it occurred in a particularly difficult economic environment. The year to 30 April 2010 coincided with what we hope was the worst of the recession. It was also during the second half of the year that we assisted Caffé Nero in establishing their own roasting facilities, thereby losing a major customer. This had the effect of reducing total sales for the year, which fell from £3.5million in the previous year to £3.1million.

This profit was also achieved in spite of a large increase in the \$US price of raw coffee which was made worse by the weakness of sterling during this period.

This period also saw big changes in our management structure. Bryan Stockley our experienced former factory manager was promoted in October 2009 to managing director of Coburg Coffee Company, our main operating subsidiary. I am confident that Bryan and his team will continue to take the company forward to a period of increasing prosperity.

Our strategy is for the coffee business to concentrate on what it does best and that is roasting quality coffee at competitive prices for discerning customers in the food services, wholesale and catering sectors.

Costs have now been reviewed, efficiencies identified and made. The group is now ready to face the current year with vigour and optimism.

The directors are conscious that the Company is one of the very smallest AIM listed companies and that therefore, the costs of maintaining that listing are significant. The directors have taken soundings of major shareholders not represented on the board and they have all indicated that they would like the Company to remain admitted to AIM. The directors have resolved to make full use of the Company's AIM listing to develop the Company's coffee businesses and to diversify the business and expand the capital base so that AIM listing costs cease to be a significant proportion of costs.

To this end, proposals are included in the agenda of the forthcoming General Meeting to reorganise the capital structure of the Company in order to facilitate the Company's ability to issue new shares for cash. The proposals also incorporate a provision to allow very small shareholders to sell their holdings for cash so reducing the Company's costs of maintaining a register with a large number of small shareholders.

It is also planned to seek authority to issue new shares to raise £270,000 by way of a placing of 18million new shares at 1.5p per share or an equivalent price adjusted pro rata for the capital consolidation and subdivision to be approved at the forthcoming general meeting of the company. The proposed subscribers have entered conditional placing agreements with the company to implement these fund raising proposals. The new money is needed to improve the Company's working capital position, to provide new funds for capital investment in the coffee business and to take steps to broaden the base of the Company's activities.

## Chairman's Statement (continued)

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In order to provide additional short term facilities, my company Tudeley Holdings Limited, which is already a large shareholder, has agreed to provide at least £100,000 by way of a bridging loan for a three month period pending completion of the formalities set out above. The loan has been made to Coburg Coffee Company Ltd and secured by way of a debenture over the assets of that company. The terms are very similar to those already granted to Barclays Bank, which provides an existing credit facility. By virtue of its size, this loan constitutes a related party transaction under the AIM Rules for Companies. The independent directors, having consulted with the Company's nominated adviser, believe that the terms of the transaction are fair and reasonable insofar as shareholders are concerned.

Tudeley Holdings Ltd and certain other investors have entered into a conditional placing agreement with the Company to subscribe for new shares in the placing as set out above.

If shareholders do not vote in favour of the resolutions to re-organise the capital structure of the Company it may not be able to repay the loan to Tudeley, which falls due on 30 November 2010.

Following the passing of the reorganisation proposals it is the directors' intention to invite two of the proposed investors to join the board as non-executive directors and a further announcement will be made at that time.

Colin Maitland is an experienced businessman who built up a very successful market research business focused on the pharmaceutical industry and Chris Ells is a Chartered accountant who with others built up a successful leasing business.

I am confident that the addition of these two new non executive directors together with our new operational management team the Company will be in a position to go from strength to strength.

The existing business is progressing well. The results for the first quarter, normally seasonally the worst, show the Company continued to trade profitably. The Company has continued to make good progress in acquiring new contract roasting business. In spite of the continuing rises in raw green coffee prices, the directors expect the Company to remain profitable in the current year.

**K P LEGG**  
**Chairman**

# Report of the Directors

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The directors present their report with the financial statements of the company and the group for the year ended 30 April 2010.

## **Company number**

The Company number is 2956279

## **Principal activity**

The principal activity of the group in the year under review was that of roasting, packing and distribution of coffee beans and the blending, packing and distribution of tea. The principal customers of the group were in the catering and food distribution sectors.

## **Business review and future developments**

The results for the year and financial position of the company are as shown in the annexed financial statements. A detailed business review for the Group is detailed in the Chairman's statement.

## **Results and dividends**

The Group's revenue for the year was £3,160,000 (2009 - £3,544,000), yielding a gross profit of £842,000 (2009 - £1,030,000) and an operating profit of £128,000 (2009 – loss of £84,000).

The Group's profit for the year after taxation was £106,000(2009 – loss of £123,000). This gives a basic earnings per share of 0.45 pence (2009 – loss per share of 0.52 pence).

The Directors do not recommend payment of a dividend in respect of the year ended 30 April 2010 (2009: nil).

# Report of the Directors

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## Risks and uncertainties

The operation of a public listed company involves a series of inherent risks and uncertainties across a range of strategic, commercial, operational and financial areas. The Board has outlined our perception of particular risks and uncertainties facing the Group below. These risks and uncertainties could cause the actual results to vary from those experienced previously or described in forward looking statements within the annual report:

- **Changing Consumer Trends**

The Group could be impacted by changing consumer trends. The Group may also be affected by any adverse scientific comment upon its products or the health aspects of its products.

- **Litigation and dispute risk**

From time to time, the Group may be involved in litigation. This litigation may include, but is not limited to, contractual claims, personal injury claims, employee claims and environmental claims. If a successful claim is pursued against the Group, the litigation may adversely impact the sales, profits or financial performance of the Group. Any claim, whether successful or not, may adversely impact on the Company's share price. There is a risk that should the Group seek redress against another party to its contracts by way of litigation or other dispute resolution processes, these processes may incur significant Group resources, the cost of pursuing such actions may be prohibitive and a successful result is not assured.

- **General economic conditions**

Changes in the general economic climate in which the Group operates may adversely affect the financial performance of the Group. Factors which may contribute to that general economic climate include the level of direct and indirect competition against the Group, industrial disruption, the rate of growth of the Group's sectors, interest rates and the rate of inflation.

The Group's exposure to interest rate risk, credit risk and liquidity risk are detailed in the Financial Instruments section of the Directors' Report below.

### Commodity price trends

The group purchases raw green coffee and there is a risk that the operating companies may not be able to pass on to their customers rises in the price of that commodity.

# Report of the Directors

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## KEY PERFORMANCE INDICATORS

	Year ended 30 April 2010	Year ended 30 April 2009
Revenue growth <sup>1</sup>	(11.6)%	(1.1)%
Operating margin <sup>2</sup>	4.1%	(2.4)%
Interest cover <sup>3</sup>	1,009%	102.6%

1 *Percentage decrease in Revenue.*

2 *Operating margin is calculated by dividing the Group's operating loss by revenue.*

3 *Interest cover is calculated by dividing EBITDA (earnings before Interest, Tax, Depreciation and Amortisation) by net interest payments (gross interest payable less interest receivable).*

### **Non Financial Key Performance Indicators**

The directors do not consider there to be any relevant non-financial KPIs given the size and complexity of the Group.

# Report of the Directors

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## Directors

The directors shown below have held office during the year ended 30 April 2010.

K P Legg

C W Birkle

J S P Maynard

## Group's policy on payment of creditors

The Group's policy is to agree terms of payment at the start of business with all suppliers, to abide by these terms and to pay in accordance with its contractual and other legal obligations. At 30 April 2010 there were 81 (2009 - 90) creditor days outstanding.

## Employees

The Group's employment policy provides equal opportunities for all employees regardless of sex, race, religion or marital status. The same criteria for training, career development and promotion apply to disabled persons as to any other employee.

The company is committed to the further development of employee information and consultation ensuring at all times that employees are informed of developments affecting the company.

## Financial instruments

The Group's financial instruments comprise, a bank term loan and an overdraft facility, hire purchase and finance leases, cash and various items arising directly from its operations, such as trade receivables and trade payables. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Full details of the Group's financial assets and liabilities are set out in note 20 to the financial statements.

## Liquidity risk

Short term flexibility is available through existing bank facilities and the netting off of surplus funds.

## Interest rate risk

The Group's hire purchase contracts are at a fixed rate of interest and so are not affected by interest rate movements. The Group is exposed to interest rate fluctuations on its bank loan and overdraft which have an interest rate of 3.0% above base rate. However, due to the amount of the loan and overdraft a significant rise in interest rates would be required to have a significant impact on the Group's results.

# Report of the Directors

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## **Credit risk**

The Group's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited. A portion of sales are credit sales, and these are to companies with which the Group has long standing relationships. The credit risk is minimised by ensuring that these relationships are nurtured and monies are collected as they fall due and through the use of credit rating agencies.

## **Capital**

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 24 and 25.

## **Non-current assets**

Details of changes in non-current assets are given in notes 10-13 to the financial statements.

## **Going concern**

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' which requires the reasons for this decision to be explained.

The Group's financial projections indicate that the Group requires additional cash resources to continue to meet its liabilities as they fall due over the next 12 months.

The Group is seeking authority to issue sufficient new shares to raise approximately £270,000 by way of a placing of those new shares subject to the passing of the necessary resolutions as detailed in the Chairman's Statement. The new money is needed to improve the company's working capital position, to provide new funds for capital investment in the coffee business and to take steps to broaden the base of the company's activities. Tudeley Holdings Limited and certain other investors have entered into a conditional placing agreement with the company to subscribe for new shares in this placing. In order to provide additional short term facilities, the Group's major shareholder has, via his company Tudeley Holdings Limited, agreed to provide at least £100,000 by way of a bridging loan for a three month period pending completion of the placing. The loan has been made to Coburg Coffee Company Limited and secured by way of a debenture over the assets of that company. The terms and conditions of this loan are very similar to those already granted to Barclays Bank to support the group's existing banking facilities.

As directors we therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus we have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

# Report of the Directors

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## Substantial shareholdings

As at 30 April 2010, shareholdings in excess of 3% of the company's issued ordinary share capital had been registered as follows:

	Number of Ordinary shares	Percentage
K P Legg	4,930,000	20.72%
A G Summers	4,100,000	17.23%
Pershing Nominees Ltd	1,587,500	6.67%
J M Finn Nominees Ltd	1,477,540	6.21%
C Maitland	1,000,000	4.20%
R C McGuire	882,500	3.71%

Included in the above number of shares are 2,900,000 shares (12.2%) held by Tudeley Holdings, a company controlled by K P Legg.

## Directors indemnities

An amount of £1,512 (2009 - £1,408) was paid during the year in respect of directors indemnity insurance for the directors of the Group.

# Report of the Directors

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## Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Report of the Directors

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## **Auditors**

Horwath Clark Whitehill LLP will be proposed for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

## **Statement as to disclosure of information to Auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing his report and to establish that the company's auditor is aware of that information.

## **ON BEHALF OF THE BOARD**

K P Legg  
Director

10<sup>th</sup> September 2010

# Corporate Governance

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The Financial Services Authority requires listed companies (but not companies traded on the Alternative Investment Market (“AIM”)) incorporated in the UK to state in their report and accounts whether they comply with the Combined Code and identify and give reasons for any areas of non-compliance. The Group is listed on AIM and therefore no disclosures are required.

The Board is aware of the requirements of the Combined Code and the need for appropriate controls and systems to safeguard the Group’s assets. However, full compliance with the Combined Code is not possible because of the size and resource constraints within the Group and because of the relative cost benefit assessment of putting in place the additional procedures.

This is not a statement of compliance as required by the Combined Code and should therefore not be relied upon to give the disclosure which would normally be made.

The Board maintains an appropriate relationship with the Group’s auditors through the Audit Committee. The auditors provide other services in addition to conducting the Group’s audits as detailed in note 5. Procedures are in place to ensure auditor independence is not compromised.

The remuneration packages for executive Directors are structured to attract, motivate and retain Directors with the experience, capabilities and ambition required to achieve the Group’s strategic aims. The Remuneration Committee is responsible for determining and reviewing the annual remuneration packages of executive Directors. The committee comprises of Konrad Legg and Jeremy Maynard.

The salaries of executive Directors are set by the committee and reviewed annually, taking into account the performance of the Group, and the individual, and salary increases given to other Group employees.

# Report of the Remuneration Committee

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## The Remuneration Committee

The Remuneration Committee was established to keep under review the remuneration and terms of employment of executive directors and to recommend such remuneration and terms and changes thereof to the Board. The Committee's composition, responsibilities and operation comply with the Combined Code. In forming its remuneration policy, the Committee confirms that it has complied with the Combined Code. The Committee comprised of Konrad Legg and Jeremy Maynard.

## Remuneration policy

The Group's executive remuneration policy objectives are:

- (a) to ensure that individual rewards and incentives are directly aligned with the performance of the Group and the interests of the shareholders; and
- (b) to maintain a competitive programme which enables the Group to attract and retain high calibre executives.

## Directors' emoluments

	30 April 2010		30 April 2009	
	Salaries & fees £	Total emoluments £	Salaries & fees £	Total emoluments £
C W Birkle	58,871	58,871	78,750	78,750
D R Forrester (resigned 10/11/08)	-	-	417	417
R Hendy (resigned 05/11/08)	-	-	417	417
K P Legg (i)	6,000	6,000	208	208
J S P Maynard	6,000	6,000	3,000	3,000
A G Summers (resigned 05/11/08)			225	225
	<u>70,871</u>	<u>70,871</u>	<u>83,017</u>	<u>83,017</u>

Key management personnel are considered to be only the Company's Directors.

### Notes:

(i) K P Legg's fees were via Tudeley Holdings Limited.

(ii) C W Birkle's salaries include an ex-gratia payment of £18,000.

(iii) No director received any benefits in kind during the year.

(iv) C W Birkle held 350,000 share options in the company at the year end which had an estimated £nil value as disclosed in note 31.

# Report of the Remuneration Committee

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## Directors' interests

The respective interests, all of which are beneficial, in the shares of the company for the members of the Board at the year end and subsequent to that date are stated below:

	As at 30 April 2010	As at 30 April 2009
K P Legg	5,255,000	5,255,000
C W Birkle	90,000	90,000
J S P Maynard	1,500	1,500

Of the 22.09% shareholding held by K P Legg, 12.19% is held by Tudeley Holdings Limited, a company in which he is the majority shareholder.

Approved by the Remuneration  
Committee signed on its behalf by:

**Konrad Legg**  
Chairman of Remuneration Committee

10<sup>th</sup> September 2010

# **Independent Auditors' Report to the Shareholders of Coburg Group Plc**

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We have audited the consolidated financial statements of Coburg Group plc for the year ended 30 April 2010 which comprise the group statement of comprehensive income, group statement of financial position, company statement of financial position, group statement of changes in equity, company statement of changes in equity, group statement of cash flows, company statement of cash flows and related notes set out on pages 27 to 52.

The financial reporting framework that has been applied in the preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

# Independent Auditors' Report to the Shareholders of Coburg Group Plc

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## Opinion on financial statements

In our opinion the financial statements:

- 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 April 2010 and of the group's profit 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.

## Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company and Group's ability to continue as a going concern.

Although the Group made a net profit of £106,000 during the year to 30 April 2010, at that date the Group's statement of financial position showed net current liabilities of £82,000. The Group's financial projections indicate that the Group requires additional cash resources to continue to meet its liabilities as they fall due over the next 12 months.

The Group is seeking authority to issue sufficient new shares to raise approximately £270,000 by way of a placing of those new shares subject to the passing of the necessary resolutions as detailed in the Chairman's Statement. The new money is needed to improve the company's working capital position, to provide new funds for capital investment in the coffee business and to take steps to broaden the base of the company's activities. Tudeley Holdings Limited and certain other investors have entered into a conditional placing agreement with the company to subscribe for new shares in this placing. In order to provide additional short term facilities, the Group's major shareholder has, via his company Tudeley Holdings Limited, agreed to provide at least £100,000 by way of a bridging loan for a three month period pending completion of the placing. The loan has been made by way of a debenture to Coburg Coffee Company Limited on similar terms to those already granted to Barclays Bank.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

## Opinion on other matter prescribed by the Companies Act 2006

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

# Independent Auditors' Report to the Members of Coburg Group Plc

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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.

**Keith Newman ACA**  
Senior Statutory Auditor

for and on behalf of  
Horwath Clark Whitehill LLP  
Chartered Accountants

Statutory Auditor  
10 Palace Avenue  
Maidstone  
Kent  
ME16 6NF

10<sup>th</sup> September 2010

# Group Statement of Comprehensive Income

FOR THE YEAR ENDED 30 APRIL 2010

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	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
Revenue		<b>3,160</b>	3,544
Cost of sales		<b>(2,318)</b>	(2,514)
<b>Gross profit</b>		<b>842</b>	1,030
Distribution costs		<b>(206)</b>	(308)
Administrative expenses		<b>(508)</b>	(806)
<b>Group operating profit/ (loss)</b>		<b>128</b>	(84)
Finance costs	3	<b>(22)</b>	(39)
<b>Profit/(loss) before tax</b>		<b>106</b>	(123)
Tax	6	-	-
<b>Profit/(loss) after tax and total comprehensive income</b>		<b>106</b>	(123)
Profit/(loss) per share expressed in pence per share:	8		
Basic		<b>0.45</b>	(0.52)
Diluted		<b>0.45</b>	(0.52)

The profit/(loss) is attributable to equity holders

# Group Statement of Changes in Equity

FOR THE YEAR ENDED 30 APRIL 2010

	Issued share capital £000	Share premium account £000	Other Reserves* £000	Retained earnings £000	Total £000
<b>Balance as at 1 May 2008</b>	<b>1,190</b>	<b>418</b>	<b>435</b>	<b>(1,631)</b>	<b>412</b>
Loss for the year	-	-	-	(123)	(123)
Decrease in share option reserve	-	-	(9)	-	(9)
<b>Balance as at 30 April 2009</b>	<b>1,190</b>	<b>418</b>	<b>426</b>	<b>(1,754)</b>	<b>280</b>
<b>Balance as at 1 May 2009</b>	<b>1,190</b>	<b>418</b>	<b>426</b>	<b>(1,754)</b>	<b>280</b>
Profit for the year	-	-	-	106	106
<b>Balance as at 30 April 2010</b>	<b>1,190</b>	<b>418</b>	<b>426</b>	<b>(1,648)</b>	<b>386</b>

\*At the 30 April 2010 the other reserves consists of the merger relief reserve brought forward. At 1 May 2008 other reserves included £9,000 in respect of the share option reserve.

# Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 APRIL 2010

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	Issued share capital £000	Share premium account £000	Other Reserves* £000	Retained earnings £000	Total £000
<b>Balance as at 1 May 2008</b>	<b>1,190</b>	<b>418</b>	<b>435</b>	<b>(1,945)</b>	<b>98</b>
Profit for the year	-	-	-	12	12
Decrease in share option reserve	-	-	(9)	-	(9)
<b>Balance as at 30 April 2009</b>	<b>1,190</b>	<b>418</b>	<b>426</b>	<b>(1,933)</b>	<b>101</b>
<b>Balance as at 1 May 2009</b>	<b>1,190</b>	<b>418</b>	<b>426</b>	<b>(1,933)</b>	<b>101</b>
Loss for the year	-	-	-	11	11
<b>Balance as at 30 April 2010</b>	<b>1,190</b>	<b>418</b>	<b>426</b>	<b>(1,922)</b>	<b>112</b>

\*At the 30 April 2010 the other reserves consists of the merger relief reserve brought forward. At 1 May 2008 other reserves included £9,000 in respect of the share option reserve.

# Group Statement of Financial Position

AS AT 30 APRIL 2010

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	198	198
Intangible assets	11	-	-
Property, plant and equipment	12	293	358
		<u>491</u>	<u>556</u>
<b>Current assets</b>			
Inventories	14	190	211
Trade and other receivables	15	452	446
Cash and cash equivalents	16	72	2
		<u>714</u>	<u>659</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	713	741
Financial liabilities – borrowings			
Bank overdrafts		31	70
Interest bearing loans and borrowings		52	96
	20	<u>796</u>	<u>907</u>
<b>Net current liabilities</b>		<u>(82)</u>	<u>(248)</u>
<b>Non-current liabilities</b>			
Trade and other payables	17	-	6
Financial liabilities – borrowings			
Interest bearing loans and borrowings		23	22
	20	<u>23</u>	<u>28</u>
<b>Net assets</b>		<u>386</u>	<u>280</u>
<b>Shareholders' equity</b>			
Called up share capital	24	1,190	1,190
Share premium	25	418	418
Other reserves	25	426	426
Retained earnings	25	(1,648)	(1,754)
<b>Total equity</b>		<u>386</u>	<u>280</u>

The financial statements were approved and authorised for issue by the board on 10<sup>th</sup> September 2010 and were signed on its behalf by:

K P Legg  
Director

# Company Statement of Financial Position

AS AT 30 APRIL 2010

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	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	97	97
Investments	13	59	59
		<u>156</u>	<u>156</u>
<b>Current assets</b>			
Trade and other receivables	15	66	82
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	62	61
Financial liabilities – borrowings			
Bank overdrafts		-	-
Interest bearing loans and borrowings		33	76
	20	<u>95</u>	<u>137</u>
<b>Net current assets</b>		<u>(29)</u>	<u>(55)</u>
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	20	15	-
<b>Net assets</b>		<u>112</u>	<u>101</u>
<b>Shareholders' equity</b>			
Called up share capital	24	1,190	1,190
Share premium	25	418	418
Other reserves	25	426	426
Retained earnings	25	(1,922)	(1,933)
<b>Total equity</b>		<u>112</u>	<u>101</u>

The financial statements were approved and authorised for issue by the board on 10<sup>th</sup> September 2010 and were signed on its behalf by:

K P Legg  
Director

# Group Statement of Cash Flows

FOR THE YEAR ENDED 30 APRIL 2010

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	<i>Notes to Cash Flow</i>	<b>2010</b>	2009
		<b>£000</b>	£000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	204	66
Interest paid		(16)	(27)
Interest element of hire purchase payments paid		(6)	(12)
Net cash from operating activities		<u>182</u>	<u>27</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(29)	(6)
Net cash from investing activities		<u>(29)</u>	<u>(6)</u>
<b>Cash flows from financing activities</b>			
Loans advanced in the year		-	29
Bank loan repayments in the year		(34)	(39)
Hire purchase repayments in year		(9)	(41)
Net cash from financing activities		<u>(43)</u>	<u>(51)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>110</b>	<b>(30)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>(68)</u>	<u>(38)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u>42</u>	<u>(68)</u>

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# Company Statement of Cash Flows

FOR THE YEAR ENDED 30 APRIL 2010

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	<i>Notes to Cash Flow</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	30	13
Interest paid		(2)	(6)
Net cash from operating activities		<u>28</u>	<u>7</u>
<b>Cash flows from investing activities</b>			
Net cash from investing activities		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Loans advanced in the year		3	29
Capital repayments in year		(31)	(27)
Net cash from financing activities		<u>(28)</u>	<u>2</u>
<b>Increase in cash and cash equivalents</b>		-	9
<b>Cash and cash equivalents at beginning of year</b>	2	<u>-</u>	<u>(9)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>-</u></u>	<u><u>-</u></u>

# Notes to the Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL 2010

## 1. Reconciliation of loss before tax to cash generated from operations

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>£000</b>	£000	<b>£000</b>	£000
Operating Profit/(Loss)	<b>130</b>	(84)	<b>(177)</b>	17
Depreciation, amortisation and impairment charges	<b>94</b>	125	-	-
(Decrease) in share option provision	-	(9)	-	(9)
	<b>224</b>	32	<b>(177)</b>	8
(Increase)/Decrease in inventories	<b>(6)</b>	44	-	-
(Increase)/Decrease in trade and other receivables	<b>21</b>	(33)	<b>62</b>	11
Increase/(Decrease) in trade and other payables	<b>(35)</b>	23	<b>145</b>	(6)
<b>Cash generated from operations</b>	<b>204</b>	66	<b>30</b>	13

## 2. Cash and cash equivalents

The amounts disclosed in the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

<b>Year ended 30 April 2010</b>	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>£000</b>	£000	<b>£000</b>	£000
Cash	<b>72</b>	2	-	-
Bank overdrafts	<b>(30)</b>	(70)	-	-
Total cash and cash equivalents	<b>42</b>	(68)	-	-

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 1. Accounting policies

### **Basis of preparation**

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with AIM rules and the Companies Act 2006, as applicable to companies reporting under IFRS.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' which requires the reasons for this decision to be explained.

The Group's financial projections indicate that the Group requires additional cash resources to continue to meet its liabilities as they fall due over the next 12 months.

The Group is seeking authority to issue sufficient new shares to raise approximately £270,000 by way of a placing of those new shares subject to the passing of the necessary resolutions as detailed in the Chairman's statement. The new money is needed to improve the company's working capital position, to provide new funds for capital investment in the coffee business and to take steps to broaden the base of the company's activities. Tudeley Holdings Limited and certain other investors have entered into a conditional placing agreement with the company to subscribe for new shares in this placing. In order to provide additional short term facilities, the Group's major shareholder has, via his company Tudeley Holdings Limited, agreed to provide at least £100,000 by way of a bridging loan for a three month period pending completion of the placing. The loan has been made by way of a debenture to Coburg Coffee Company Limited on similar terms to those already granted to Barclays Bank.

As directors we therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus we have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all principal subsidiaries for the year ended 30 April 2010. The results of any subsidiaries acquired during the year are included in the statements from the effective date of acquisition.

### **Revenue recognition**

Revenue is sales, excluding recovery of duty where appropriate, and other trading income of the Group, after eliminating intra Group transactions and excluding VAT. Revenue is after deducting rebates and discounts and is recognised when the significant risk and reward of ownership are transferred to a third party.

### **Impairment**

Goodwill is reviewed for impairment annually and as part of this process assets are grouped at the lowest levels for which there are separately identifiable cash flows, as a result some assets are tested individually and some are tested at cash generating unit level.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 1. Accounting policies (continued)

### Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment losses are recognised in the income statement.

### Intangibles

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life. The charge for the year is included in administration expenses within the income statement.

Intangibles	25% on cost
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### Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	25% on cost
Plant and machinery	5-25% on cost
Fixtures and fittings	20-33.3% on cost
Motor vehicles	25% on cost

### Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads. Cost is calculated using the standard cost method on a FIFO basis appropriate to the materials and production processes involved. Net realisable value is based upon estimated selling price allowing for all further costs of completion and disposal.

### Current and deferred income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is recognised on all temporary differences. This involves comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided for in full. Deferred tax assets and liabilities are calculated without discounting, at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the balance sheet date. All changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 1. Accounting policies (continued)

### **Current and deferred income tax (continued)**

Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **Foreign currencies**

Transactions completed in foreign currencies during the year are translated at the appropriate ruling rates of exchange. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. All translation differences are dealt within the income statement.

### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

### **Bank borrowings**

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs and are valued at amortised cost.

### **Share based payments**

For equity-settled share-based payment transactions the Group, in accordance with IFRS 2 measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date, using the trinomial method. The expense is apportioned over the vesting period of the financial instrument and is based on the number which are expected to vest and the fair value of those financial instruments at the date of grant. If the equity instruments granted vest immediately, the expense is recognised in full.

### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

### **Derivative financial instruments**

The Group uses embedded derivative financial instruments to reduce exposure to foreign exchange risk and movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Embedded derivatives are accounted for in accordance with IAS 22, IAS 39 and IFRS 7.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 1. Accounting policies (continued)

### Standards in force but not yet adopted

The following IFRS standards, amendments and interpretations have been released but are not effective for the current period. The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's profit for the year or equity

### Standards and interpretations in issue but not yet effective or not yet relevant

Title	Issued	Effective date – accounting period beginning on or after
IAS 39 Financial Instruments: Recognition and Measurement (Amendment) – Eligible Hedged Items	July 08	01/07/2009
IFRS 7 Improving Disclosures about Financial Instruments Amendments to IFRS 7 Financial Instruments: Disclosures	March 09	01/01/2009
IFRIC 18 Transfers of Assets from Customers	January 09	01/07/2009
Amendment to IAS 32 Classification of Rights Issues	October 09	01/02/2010
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions	June 09	01/01/2010
Improvements to IFRS (covering IFRS 3 & 7 and IAS 1 & 34 and IFRIC 13)	April 09	01/01/2010
Improvements to IFRS (covering IFRS 2 & 8 and IAS 1, 7, 17, 18, 36, 38 & 39 and IFRIC 9)	May 10	01/07/2010
Improvements to IFRS (covering IAS 1, 16, 23, 36, 38 and 39)	May 10	01/01/2011

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 1. Accounting policies (continued)

### Critical accounting estimates

In order to prepare these consolidated financial statements in accordance with the accounting policies set out in note 1, management has used estimates and judgements to establish the amounts at which certain items are recorded. Critical accounting estimates and judgements are those that have the greatest impact on the financial statements and require the most difficult, subjective and complex judgements about matters that are inherently uncertain. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgemental nature of such estimates, actual results could be different from the assumptions used. The critical accounting policies are set out below.

### Impairment of goodwill

An impairment of goodwill has the potential to significantly impact upon the group's income for the year. In order to determine whether impairments are required the Group estimates the recoverable amount of the goodwill. This calculation is based on the estimated future cash flows based upon historic profits of the related cash generating unit over a rolling 5 years. A discount factor of 8.65% is applied to obtain a current value ('value in use'). The discount factor used is the Groups Weighted Average Cost of Capital (WACC). The 'fair value less costs to sell' of an asset is used if this results in an amount in excess of 'value in use'.

Cash flows for impairment calculations take into account management's expectations of future volumes and margins based on plans and best estimates of the productivity of the assets in their current condition. Future cash flows therefore exclude benefits from major expansion projects requiring future capital expenditure where that expenditure has not been approved at the balance sheet date.

Further details are set out in note 10.

### Going concern

In assessing going concern the directors have prepared forecasts. The forecasts are based on factors including historical experience and expectations of future events which the directors believe to be reasonable. However, given the judgemental nature of such estimates, actual results could be different from the forecasts used. Further details regarding going concern are provided in the basis of accounting note and the director's report.

### Share based payments

Share based payment valuations are based upon a Black-Scholes based model which requires various assumptions to be made as set out in note 31.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 2. Employees and directors

	2010 £000	2009 £000
Wages and salaries	523	654
Social security costs	41	61
	<u>564</u>	<u>715</u>

The average monthly number of employees during the year was as follows:

	2010	2009
Operational	15	19
Administration	2	7
	<u>17</u>	<u>26</u>

Details of directors' remuneration required by the Companies Act 2006 are provided within the report of the Remuneration Committee on page 13, and form part of these audited financial statements.

The directors consider the directors to be the key management personnel.

## 3. Net finance costs

	2010 £000	2009 £000
Finance costs:		
Bank interest	14	17
Other interest payable	2	10
Hire purchase	6	12
	<u>22</u>	<u>39</u>

## 4. Profit/loss before tax

	2010 £000	2009 £000
The profit/loss before tax is stated after charging:		
Cost of inventories recognised as expense	1,565	2,265
Depreciation – owned assets	72	81
Depreciation – assets on hire purchase contracts	9	9
Impairment of tangible assets	-	23
Amortisation of intangible assets	13	9
Impairment of intangible assets	-	2
Property rentals payable under operating leases	79	106
Auditors' remuneration	15	18
Foreign exchange differences	(4)	11

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 5. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2010 £000	2009 £000
<b>Fees payable to the Company's auditors for the audit of the Company's annual accounts</b>		
Total audit fees	<u>7</u>	<u>9</u>
<b>Fees payable to the Group's auditors for other services to the Group</b>		
The audit of the Company's subsidiaries pursuant to legislation	5	7
Other services in relation to taxation	3	2
	<u>8</u>	<u>9</u>
	<u>15</u>	<u>18</u>

## 6. Tax

### Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 April 2010 nor for the year ended 30 April 2009.

As at the balance sheet date the group has tax adjusted trading losses of approximately £609,205 (2009 – £2,954,203) available for set off against future trading profits of the same trade subject to agreement by HM Revenue and Customs.

Deferred tax has not been recognised in respect of the losses as suitable taxable profits against which the asset could reverse are not expected to be available in the near future.

	2010 £000	2009 £000
Corporation tax	-	-
Deferred tax	-	-
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 6. Tax (continued)

### Factors affecting tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21% (2009: 21%). The differences are explained below:-

	2010 £000	2009 £000
<b>TAX RECONCILIATION</b>		
<b>Profit per accounts before taxation</b>	<b>106</b>	<b>(123)</b>
Tax on profit on ordinary activities at standard rate of 21% (2009 - 21%)	<b>22</b>	<b>(26)</b>
Expenses not deductible for tax purposes	<b>(1)</b>	-
Utilisation of tax losses and other deductions	<b>(11)</b>	-
Ineligible depreciation	-	4
Utilisation of tax losses and other deductions	<b>(10)</b>	<b>(10)</b>
Unrelieved tax losses and other deductions arising in the period	-	32
	<hr/>	<hr/>
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent company is not presented as part of these financial statements. The Parent company's profit for the financial year was £11,188 (2009 – £11,193 loss).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Average earnings £000	2010 Weighted number of shares	Amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	106	23,790,914	0.45
Effect of dilutive securities			
<b>Diluted EPS</b>			
Adjusted earnings	<u>106</u>	<u>23,790,914</u>	<u>0.45</u>

	Average earnings £000	2009 Weighted number of shares	Amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(123)	23,790,914	(0.52)
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>(123)</u>	<u>23,790,914</u>	<u>(0.52)</u>

All share options were cancelled in the previous year and therefore there were no dilutive securities.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 9. Segmental reporting

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. The operating segments represent those assessed by the board and relate to the group's two trading companies. The principal activities are:-

- Coburg Coffee Company Ltd – The sourcing, roasting and distribution of quality coffee beans, the grinding and marketing of country originals and blended ground coffees and the sourcing, preparation and distribution of single estate and blended teas.
- CK Coffee Ltd – Supplier of coffee, tea and other beverages to offices, cafes, hotels and restaurants.

### Year Ended 30 April 2010

	Coburg Coffee Company £'000s	CK Coffee £'000s	Total £'000s
Total Revenue	2,814	933	3,747
Revenue - Internal	614	-	614
<b>External Revenue</b>	<b>2,200</b>	<b>933</b>	<b>3,133</b>
Depreciation and amortisation	54	40	94
<b>Operating Profit</b>	<b>180</b>	<b>114</b>	<b>294</b>
Group and consolidation adjustments			(166)
Finance costs	(18)	(4)	(22)
<b>Profit/(loss) before tax</b>			<b>106</b>
Tax			-
<b>Profit after tax as per income statement</b>			<b>106</b>

All turnover arose within the United Kingdom and related to external sales.

Information about the extent of the Group's reliance on its major customers is provided in note 21.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 9. Segmental reporting continued

Year Ended 30 April 2009

	Coburg Coffee Company £'000s	CK Coffee £'000s	Total £'000s
Total Revenue	3,382	233	3,615
Revenue - Internal	71	-	71
<b>External Revenue</b>	<b>3,311</b>	<b>233</b>	<b>3,544</b>
Depreciation and amortisation	125	8	133
<b>Operating Loss</b>	<b>(10)</b>	<b>(101)</b>	<b>(111)</b>
Group and consolidation adjustments			27
Finance costs	(2)	(31)	(39)
<b>(Loss) before tax</b>			<b>(123)</b>
Tax			-
<b>(Loss) after tax as per income statement</b>			<b>(123)</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 9. Segmental reporting continued

Year ended 30 April 2010	Coburg Coffee Company £'000s	CK Coffee £'000s	Total Group £'000s
<b>Segment assets</b>	<b>909</b>	<b>122</b>	<b>1,031</b>
Unallocated assets			
Goodwill			155
Trade and other receivables			19
Cash and cash equivalents			-
<b>Total assets</b>			<b>1,205</b>
<b>Segment liabilities</b>	<b>698</b>	<b>34</b>	<b>732</b>
Unallocated liabilities			
Trade and other payables			39
Borrowings			48
<b>Total liabilities</b>			<b>819</b>
<b>Net operating assets</b>	<b>211</b>	<b>88</b>	<b>386</b>

Year ended 30 April 2009	Coburg Coffee Company £'000s	CK Coffee £'000s	Total Group £'000s
<b>Segment assets</b>			
Unallocated assets	895	161	1,056
Goodwill			143
Trade and other receivables			16
Cash and cash equivalents			-
<b>Total assets</b>			<b>1,215</b>
<b>Segment liabilities</b>	<b>795</b>	<b>31</b>	<b>826</b>
Unallocated liabilities			
Trade and other payables			32
Borrowings			77
<b>Total liabilities</b>			<b>935</b>
<b>Net operating assets</b>	<b>100</b>	<b>130</b>	<b>280</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 10. Goodwill

### Group

£000

#### Cost

At 1 May 2009

1,482

#### Impairment

At 1 May 2009

1,284

#### Net book value

At 30 April 2010

198

At 30 April 2009

198

### Company

£000

#### Cost

At 1 May 2009 & 30 April 2010

222

#### Amortisation

At 1 May 2009 & 30 April 2010

125

#### Net book value

At 30 April 2010

97

At 30 April 2009

97

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 10. Goodwill (continued)

Goodwill acquired on business combinations is allocated at acquisition to the Cash Generating Units (CGU) that are expected to benefit from that business combination. Before any recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2010 £'000	2009 £'000
Aroma CGU	81	81
Rizzi CGU	97	97
CK Coffee CGU	20	20
	<u>198</u>	<u>198</u>
<b>Carried forward at 30 April</b>	<b>198</b>	<b>198</b>

In line with International Financial Standards, goodwill has not been amortised. Instead the Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. The directors have concluded that goodwill is not impaired.

The recoverable amounts of the Cash Generating Units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and expected changes to selling prices and direct costs.

An impairment of goodwill has the potential to significantly impact upon the group's income for the year. In order to determine whether impairments are required the Group estimates the recoverable amount of the goodwill. This calculation is based on the estimated future cash flows based upon historic profits of the related cash generating unit over a rolling 5 years. A discount factor of 8.65% is applied to obtain a current value ('value in use'). The discount factor used is the Groups Weighted Average Cost of Capital (WACC). The 'fair value less costs to sell' of an asset is used if this results in an amount in excess of 'value in use'.

Cash flows for impairment calculations take into account management's expectations of future volumes and margins based on plans and best estimates of the productivity of the assets in their current condition. Future cash flows therefore exclude benefits from major expansion projects requiring future capital expenditure where that expenditure has not been approved at the balance sheet date.

An increase in the discount rate to 17% (2009 – 20%) or a decrease in the Group's cash flow of 33% (2009 – 23%) would cause the Board to impair the carrying value of goodwill.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 11. Intangible assets

Brands  
£'000

### Cost

At 1 May 2009 and 30 April 2010

42

### Amortisation

At 1 May 2009 and 30 April 2010

42

### Net book value

At 30 April 2010

-

At 30 April 2009

-

Intangible assets relate to brands acquired.

## 12. Property, plant and equipment

### Group

	Improvement to property £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Totals £000
<b>Cost</b>					
At 1 May 2008	83	1,339	430	34	1,886
Additions	-	1	5	-	6
At 30 April 2009	<b>83</b>	<b>1,340</b>	<b>435</b>	<b>34</b>	<b>1,892</b>
Additions	-	14	2	-	16
Disposals	-	(148)	(7)	(21)	(176)
At 30 April 2010	<b>83</b>	<b>1,206</b>	<b>430</b>	<b>13</b>	<b>1,732</b>
<b>Depreciation</b>					
At 1 May 2008	70	914	409	28	1,421
Charge for year	8	64	15	3	90
Impairment charge in the year	5	18	-	-	23
At 30 April 2009	<b>83</b>	<b>996</b>	<b>424</b>	<b>31</b>	<b>1,534</b>
Charge for year	-	74	5	3	82
Disposals	-	(149)	(7)	(21)	(177)
At 30 April 2010	<b>83</b>	<b>921</b>	<b>422</b>	<b>13</b>	<b>1,439</b>
<b>Net book value</b>					
At 30 April 2010	<b>-</b>	<b>285</b>	<b>8</b>	<b>-</b>	<b>293</b>
At 30 April 2009	<b>-</b>	<b>344</b>	<b>11</b>	<b>3</b>	<b>358</b>
At 30 April 2008	<b>13</b>	<b>425</b>	<b>21</b>	<b>6</b>	<b>465</b>

The net book value in respect of assets held under hire purchase contracts is as follows:

	2010 £000	2009 £000
<b>Group</b>		
Plant and machinery	<u>72</u>	103

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 13. Investments

### Company

	Shares in group undertakings £000
<b>Cost</b>	
At 1 May 2009 & 30 April 2010	<u>4,247</u>
<b>Provision for impairment</b>	
At 1 May 2009 and 30 April 2010	<u>4,188</u>
<b>Net book value</b>	
At 30 April 2010	<u>59</u>
At 30 April 2009	<u>59</u>

The Group or the company's investments at the balance sheet date in the share capital of companies include the following:

### Subsidiaries

#### **Coburg Coffee Company Limited**

Nature of business: Buying, roasting, blending and selling

Class of shares: holding  
Ordinary 100.00%

#### **CK Coffee Limited**

Nature of business: Provision of on site quality coffee service

Class of shares: holding  
Ordinary 100.00%

#### **Capital Coffee Limited**

Nature of business: Non trading

Class of shares: holding  
Ordinary 100.00%

#### **G & M Rizzi Coffee Company Limited**

Nature of business: Non trading

Class of shares: holding  
Ordinary 100.00%

All subsidiaries listed above are registered and incorporated in England and Wales

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 14. Inventories

	Group	
	2010 £000	2009 £000
Raw materials	90	115
Work-in-progress	25	20
Finished goods	75	76
	<b>190</b>	<b>211</b>

No inventory was written down in the current or previous year.

## 15. Trade and other receivables

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Current:				
Trade receivables	365	356	-	-
Amounts owed by group undertakings	-	-	47	66
Other receivables	44	53	10	10
VAT	2	2	2	2
Prepayments	41	35	7	4
	<b>452</b>	<b>446</b>	<b>66</b>	<b>82</b>

The following entities within the Group received revenues from transactions with a single external customer which amounted to 10% or more of their turnover for the year ended 30 April 2010.

	Percentage of turnover derived from a single customer
DBC Food Service	32%
Caffe Nero Group PLC	29%

The recoverability of receivables is not considered to be an issue to the Group as the main receivables are restricted to large blue chip companies with whom there is a long standing relationship. Small companies have individually very small amounts owing to the Group therefore the risk of a significant bad debt is low.

Some of the trade receivables are past due as at 30 April 2010. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
One month overdue	93	82	-	-
Two to six months overdue	24	14	-	-
Over six months overdue	-	-	-	-
	<b>117</b>	<b>96</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 16. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Cash in hand	<u>72</u>	<u>2</u>	<u>-</u>	<u>-</u>

## 17. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Current:				
Trade payables	647	617	19	22
Social security and other taxes	7	36	-	-
Amount owed to group undertakings	-	-	23	29
Other payables	4	58	-	-
Accrued expenses	55	30	20	10
	<u>713</u>	<u>741</u>	<u>62</u>	<u>61</u>
Non-current:				
Other payables	-	6	-	-
	-	6	-	-
Aggregate amounts	<u>713</u>	<u>747</u>	<u>62</u>	<u>61</u>

## 18. Financial borrowings – borrowings

The bank holds a cross guarantee debenture over the group in respect of the bank loan and overdrafts of £79,000 (2009 – £134,000) which are secured by a fixed and floating charge over the assets of the Group.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

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## 19. Leasing agreements

### Group

Minimum lease payments under hire purchase contracts fall due as follows:

	<b>2010</b>	2009
	<b>£000</b>	£000
Minimum payments		
Within one year	<b>23</b>	25
Between one and five years	<b>12</b>	27
	<b>35</b>	52
Less future finance charges	<b>8</b>	10
Present value of lease obligations	<b>27</b>	42
Net obligations repayable		
Less amounts due for settlement within 12 months	<b>19</b>	20
Amounts due for settlement between 2 – 5 years	<b>8</b>	22

Hire purchase and finance lease liabilities are secured upon the underlying assets.

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. For the year ended 30 April 2010 the average effective borrowing rate was 10%. Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling.

The Group did not enter into any finance lease and hire purchase agreements in the year.

The fair value of the Group's lease obligations approximates to their carrying amount.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 20. Financial instruments

The Group's financial instruments comprise borrowings, some cash and liquid resources, and various items, such as trade receivables, trade payables etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The accounting policies for financial instruments have been applied to the line items below:

### Financial assets by category

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
<b>Loans and receivables</b>				
Trade and other receivables	452	446	82	82
Cash and cash equivalents	72	2	-	-
	<u>524</u>	<u>448</u>	<u>82</u>	<u>82</u>

### Financial liabilities by category

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
<b>Current liabilities</b>				
Trade and other payables	713	741	62	61
Bank loans and overdrafts	64	147	33	76
Lease obligations	19	20	-	-
	<u>796</u>	<u>908</u>	<u>95</u>	<u>137</u>
<b>Non current liabilities</b>				
Trade and other payables	-	6	-	-
Bank loans and overdrafts	15	-	15	-
Lease obligations	8	22	-	-
	<u>23</u>	<u>28</u>	<u>15</u>	<u>-</u>
<b>Total liabilities</b>	<u>819</u>	<u>936</u>	<u>110</u>	<u>137</u>

### Liquidity

Historically the Group's policy has been to finance its business primarily with equity and short-term borrowings. At the year end £32,655 (2009 – £28,571) of the group's borrowings were due to mature within one year.

### Foreign currency risk

The majority of goods purchased by the Group originate from overseas, however they are almost all purchased in sterling through UK intermediaries.

The disclosure below excludes short term current trade receivables and payables.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## (a) Interest rate and maturity profile of financial liabilities

The interest rate profile of the Group's financial liabilities all of which are in sterling at 30 April 2010 were as follows:

	2010		2009	
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000
Bank loans	48	-	76	-
Bank overdraft	31	-	70	-
Hire purchase	-	27	-	42
<b>Total</b>	<b>79</b>	<b>27</b>	<b>146</b>	<b>42</b>

The bank loans and overdraft at 30 April 2010 carried average interest rates of 3.5% (2009 – 6.5%) and the hire purchase liabilities 4% to 10% (2009 – 4% to 10%).

## (b) Borrowing facilities

The Group's revolving credit facilities comprise of a sterling overdraft, charge card and business internet banking/loan facilities, in addition to the liabilities under hire purchase contracts in existence. Bank loans and overdrafts have annual interest rates of 3.0% above the base rate, with the exception of a bank overdraft facility of £15,000 incurring 5.75% per annum above the base rate as from April 2010. The bank loan matures on 26 January 2012. The total amount outstanding under these facilities at the end of the year and maximum permitted borrowings were:

	2010		2009	
	Utilised at 30 April 2010 £000	Maximum availability £000	Utilised at 30 April 2009 £000	Maximum availability £000
Overdraft	31	115	70	135
Bank Loan/Business Internet Banking	48	120	76	120
Charge Cards	-	13	-	17
	<b>79</b>	<b>248</b>	<b>146</b>	<b>272</b>

## (c) Fair value of financial assets and liabilities

The fair values of the Group's financial assets and liabilities are not materially different from their carrying value in the accounts.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 20. Financial instruments (continued)

### (d) Maturity profile

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
<b>Secured borrowings at amortised cost</b>				
Bank loans and overdrafts:				
Due within one year	48	133	33	76
Due in more than one year		-		-
Net obligations under finance leases and hire purchase contracts:				
Due within one year	19	20	-	-
Due between one and two years	7	20	-	-
Due between two and five years	1	2	-	-
	<u>75</u>	<u>175</u>	<u>33</u>	<u>76</u>
<b>Unsecured borrowings at amortised cost</b>				
Bank loans and overdrafts:				
Due within one year	15	13	-	-
	<u>15</u>	<u>13</u>	<u>-</u>	<u>-</u>
	<u>90</u>	<u>188</u>	<u>33</u>	<u>76</u>

In addition to the concentration of Credit risk noted in note 15 there is a cross guarantee within the group which has been valued by the groups bankers at £450. Liquidity risk is covered in the maturity profile above. There are no derivative financial liabilities. A sensitivity analysis has not been provided as there are no significant risk variables.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 21. Material non cash transactions

There were no material non cash transactions.

## 22. Operating lease commitments

At the balance sheet date the Group had commitments for future minimum lease payments under non cancellable operating leases which fall due as follows:

	Land & Buildings	
	2010	2009
	£000	£000
On leases expiring:		
Within one to two years	83	102
Within two to five years		-

	Land & Buildings	
	2010	2009
	£000	£000
Minimum lease payments under operating leases recognised as an expense in the year	79	96

Operating lease payments represent rentals payable by the Group in respect of its properties. For properties the lease periods were negotiated for an average of seven years with five year reviews.

On 8 June 2010 Coburg Coffee Company Ltd signed a lease agreement to continue leasing the company's current property at an annual rent of £85,750 per annum over a 10 year lease period.

## 23. Other financial commitments

During the year, the Group has entered into forward contracts for the purchase and delivery of raw coffee. As at the balance sheet date, settlements for these contracts were due as follows:

	2010	2009
	£000	£000
Within two to six months	272	679

## 24. Called up share capital

	2010	2009
	£000	£000
<b>Authorised:</b>		
51,169,137 Ordinary shares of £0.05 each	2,558	2,558
<b>Allotted, issued and fully paid:</b>		
23,790,914 Ordinary shares or £0.05 each	1,190	1,190

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 25. Reserves

	Retained earnings £000	Share premium £000	Other Reserves £000	Total £000
<b>Group</b>				
At 1 May 2009	(1,754)	418	426	(910)
Profit for the year	106	-	-	106
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2010	<u>(1,648)</u>	<u>418</u>	<u>426</u>	<u>(804)</u>
	Retained earnings £000	Share premium £000	Other Reserves £000	Total £000
<b>Company</b>				
At 1 May 2009	(1,933)	418	426	(1,089)
Profit for the year	11	-	-	11
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2010	<u>(1,922)</u>	<u>418</u>	<u>426</u>	<u>(1,078)</u>

## 26. Cross guarantees

The company has entered into cross guarantees with the bankers of the Coburg Coffee Company Limited for all bank borrowing between the two companies. As at the balance sheet date the maximum exposure the Group is subject to is £141,500 (2009 – £233,000) of which £79,000 (2009 – £133,000) has been utilised. The bank has fair valued the cross guarantee at £450.

## 27. Control

The day to day administration and financial supervision of the group is the responsibility of the directors as set out in page 2 of the financial statements. The directors are considered to be the key management personnel.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 28. Reconciliation of movements in shareholders' funds

<b>Group</b>	<b>2010</b> <b>£000</b>	<b>2009</b> <b>£000</b>
Profit/(loss) for the financial year	<b>106</b>	(123)
Decrease in share option reserve		(9)
	<hr/>	<hr/>
Net increase/(reduction) of shareholders' funds	<b>106</b>	(132)
Opening shareholders' funds	<b>280</b>	412
	<hr/>	<hr/>
Closing shareholders' funds	<b>386</b>	280
	<hr/>	<hr/>
<b>Company</b>	<b>2010</b> <b>£000</b>	<b>2009</b> <b>£000</b>
Profit/(Loss) for the financial year	<b>11</b>	12
Decrease in share option reserve	-	(9)
	<hr/>	<hr/>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>11</b>	3
Opening shareholders' funds	<b>101</b>	98
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>112</b>	101
	<hr/>	<hr/>

## 29. Events after the balance sheet date

On 8 June 2010 Coburg Coffee Company Ltd signed a lease agreement to continue leasing the company's current property at an annual rent of £70,000 for the first 4 years and £85,750 for the remaining 6 years of the 10 year lease period.

In August 2010 Tudeley Holdings Limited, agreed to provide at least £100,000 by way of a bridging loan for a three month period pending completion of the placing of shares. The loan has been made by way of a debenture to Coburg Coffee Company on exactly similar terms to those already granted to Barclays Bank, which provides an existing credit facility.

## 30. Related party transactions

At the year end £2,263 (2009 - £2,447) was due to be paid to Tudeley Holdings, a Company who owns shares in Coburg Group Plc and upon which K P Legg, director, is Chairman, in respect of fees.

At the year end £4,000 (2009 - £3,000) was accrued in respect of unpaid fees for Jeremy Maynard, a director of Coburg Group plc.

At the year end £4,485.94 (2009 - £nil) was accrued in respect of unpaid fees for Chris Birkle, a director of Coburg Group plc.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2010

## 31. Equity-settled share option scheme

425,000 options were issued during the year which are exercisable at £0.056. There are no vesting conditions. The options remain exercisable any time up to 5 October 2015, at this date the options expire.

Details of the share options outstanding during the year are as follows:

	2010 Number of share options	2010 Exercise price (£)
Outstanding at the beginning of the year	-	N/A
Granted during the year	425,000	0.05625
<b>Outstanding at the end of the year</b>	<b>425,000</b>	<b>0.05625</b>
Exercisable at the end of the year	425,000	-

The weighted average remaining contractual life of the options outstanding at the year end is 5 years 158 days. The weighted average exercise price at the year end was £0.05625.

	2010	2009
IFRS 2 Fair value charge recognised as an expense	-	-

The inputs into the Black-Scholes option pricing model for the options granted on 27 May 2009 were as follows:

Expected volatility	64%
Risk-free rate	2.75%
Dividend yield	N/A
Weighted average share price on the grant date	£0.02
Exercise price	£0.056

Expected volatility was calculated mathematically as directed by IFRS 2.

# Notice of AGM

FOR THE YEAR ENDED 30 APRIL 2010

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## Annual General Meeting

The directors advise that this document contains the formal Notice of the Annual General Meeting of Coburg Group Plc which you will find on page 48. The Notice convenes the Annual General Meeting of the company to be held at Unit 3 Harrington Way, Warspite Road, Woolwich, London. SE18 5NU for 11.00 a.m. on 15 October 2010 at which the following resolutions will be proposed:

## Ordinary Business

1. To receive the company's financial statements for the year ended 30 April 2010 together with the directors' report, the directors' remuneration report and the auditors' report on those accounts.
2. To re-appoint Jeremy S P Maynard as a director who retires by rotation.
3. To re-appoint Horwath Clark Whitehill LLP as auditors of the company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the company at a remuneration to be determined by the directors.

*Registered office.*

Unit 3 Harrington Way  
Warspite Road  
Woolwich  
London SE18 5NU

By order of the board

Mrs L E Pino  
Company Secretary  
10<sup>th</sup> September 2010

# Notice of AGM

## FOR THE YEAR ENDED 30 APRIL 2010

### Notes.

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the AGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder and returned in the same envelope. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. All Proxy Forms must be signed and, to be effective, must be lodged with Capita Registrars, (PXS), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 3) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on the 15th October 2010 at 11.00am and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the company at 6:00pm on the 13<sup>th</sup> October 2010 or, in the event that this meeting is adjourned, in the register of members as at 6.00p.m on the day two days before the day of any adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on the 13<sup>th</sup> October 2010 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

# Proxy Form

FOR THE YEAR ENDED 30 APRIL 2010

Proxy for use at the Annual General Meeting to be held at the company registered offices Unit 3, Harrington Way, Warspite Road, Woolwich, London SE18 5NU on 15 October 2010.

I/We (block capitals)

.....  
of ..... (see note 1)  
being (a) holder(s) of Ordinary Shares of 5p each in the capital of the Company, hereby appoint the Chairman of the meeting

or .....  
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 15 October 2010 and at any adjournment thereof in relation to the proposed resolutions and any amendments thereof.  
I/We direct my/our proxy to vote in the manner indicated by an X in the appropriate column. Unless otherwise indicated, or upon any matter properly put before the meeting but not referred to below, my/our proxy may exercise his discretion as to how he votes and whether or not he abstains from voting.

Please tick here if this proxy appointment is one of multiple appointments being made

ORDINARY BUSINESS	FOR	AGAINST	VOTE WITHHELD
1. To receive the Company's financial statements for the year ended 30 April 2010 together with the reports of the directors and auditors thereon.			
2. To re-appoint the following director who retires by rotation: Jeremy S P Maynard.			
3. To re-appoint Horwath Clark Whitehill LLP as auditors of the company to hold office from the conclusion of the AGM to the conclusion of the next AGM at which the accounts are laid before the company at a remuneration to be determined.			
4. To approve the directors' remuneration report for the financial year ended 30 April 2010.			
(a)			
(a)			

Dated.....2010 Signature(s) .....

Notes:

- Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company but must attend the meeting in person) of his own choice to attend and to vote in his/her place. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If a member wishes to appoint a proxy other than the Chairman, delete the words "the Chairman of the Meeting or," initial the alteration and insert the name of the person you wish to appoint as your proxy. All members are entitled to attend and vote at the meeting, whether or not they have returned a form of proxy.
- If you indicate that you want your vote withheld your proxy may abstain from voting and therefore there is no vote at law to be counted in the calculation of the proportion of votes for and against the resolution.
- If a member is a corporation, this form of proxy must be executed under its common seal or by the signature of an officer or attorney duly authorised in writing.
- In the case of joint holders, the signature of any one holder will be sufficient, but the names of all joint holders should be stated, and the vote of the senior holder who tenders a vote will be accepted to the exclusion of the vote(s) of other joint holder(s), seniority being determined by the order in which the names stand in the register of members of the Company.
- In order to be valid, this form of proxy, duly executed together with any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must be lodged at the Company's Registrars; Capita Registrars, (PXS), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the meeting or any adjournment of the meeting.
- The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 3 of the notes to the Notice) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy of an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA 10) by no later 48 hours prior to the meeting. Please refer to the notes of the notice of the meeting for further information on proxy appointments through CREST.

Business Reply  
Licence Number  
RSBH-UXKS-LRBC



PXS 34 Beckenham  
Road BECKENHAM BR3  
4TU