COBURG GROUP

COBURG GROUP PLC

Annual Report and Accounts

for the year ended 30 April 2006

Contents

Directors and Advisers

The Board of Directors

Mr A G Summers FCA
(Executive Chairman)
Mr Summers was appointed as a non-executive director on 27 August 2002 and then appointed Chief Executive on 19 November 2003. He moved to the position of Executive Chairman on 3 May 2005. He is also a director of Basing Hill Industrial Securities Limited and Techclean Plc (Age 41).

Mr C W Birkle ACA
(Executive Group Managing Director)
Mr Birkle joined the company on 1 October 2004 and was appointed as Group Managing Director on 3 May 2005. He has previously been a director of Admiral Management Services Limited and on board info Limited (Age 40).

Mr K P Legg
*(Non-Executive Director)**
Mr Legg was appointed as a director of the company on 8 July 1999 and is also a director of M.P. Evans Group Plc (Age 62).

Mrs A V Higgins
(Non-Executive Director) †*
Mrs Higgins was appointed a non-executive director of the company on 25 April 1995. Mrs Higgins has many years of experience of investment fund management and has held a number of non-executive directorships of both investment trusts and smaller companies (Age 65).

Mr R Forrester
(Non-Executive Director) †*
Mr Forrester was appointed as a non-executive director on 8 December 2003. He was Managing Director of Bisgood International, an Executive Director of Natwest Investment Bank and Managing Director of Bridge International Trading and is currently Chairman of Techclean Plc (Age 65).

Mr R Hendy
*(Non-Executive Director)**
Mr Hendy was appointed as a non-executive director on 13 September 2004. Mr Hendy was a partner in Bisgood Bishop, for almost 20 years and has served as a non-executive director of Durlacher Corporation plc and of Instinet Europe Limited, a subsidiary of Reuters and is currently a Director of Techclean Plc (Age 61).

**Member of the Audit Committee*
†Member of the Remuneration Committee

Secretaries
Cargil Management Services Ltd
22 Melton Street
London NW1 2BW

Head office and Registered office
Unit 3, Harrington Way
Warspite Road
Woolwich
London SE18 5NU
020 8317 0103

Registered number
2956279

Auditors
FW Stephens
24 Chiswell Street
London EC1Y 4YX

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

Nominated Adviser
Grant Thornton Corporate Finance
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Registrar
Capita Registrars
Northern House, Woodson Park
Fennay Bridge
Huddersfield
Yorks HD8 0LA

Brokers
Fiske Plc
Salisbury House
London Wall
London EC2M 5QS

Chairman's Statement

Overview

The Board continues to be aware of the difficulties the Group faces but is encouraged that the difficult decisions it has taken over the last years are starting to show results in the performance of the business.

The year's figures include one-off exceptional costs of £152,000. Redundancy and fixed asset write downs of £102,000 were incurred in October 2005 whilst at the year end the Group wrote down a further £50,000, predominantly of goodwill. These write offs concluded the final phase of the Company's restructuring programme.

When excluding these one-off expenses the Group Operating Loss for the year was £248,000 as opposed to £380,000 for the previous year. The second half loss was £118,000 as opposed to £147,000 in 2005.

The Group's turnover has grown from £1.836m in 2002 to £3.183m in 2006 – an increase of almost 75%. This growth has come through a sales and marketing strategy built around high quality coffee roasting at our plant in Woolwich.

Our list of customers continues to grow and we are encouraged, in particular, with the growth of Caffe Nero whose espresso coffee we supply exclusively. They continue to thrive and progress within the UK coffee house sector. In June 2006, they had 262 stores and continue to open approximately one new store per week.

At the end of the year, we purchased the business of Aroma Coffee Limited, which specialises in the office sector. This fits well with our existing Citifilter business and we see opportunities to exploit this sector further.

Current Trading

The first half of the Group's financial year is generally the slower of the two, as much of the Group's sales are in the second half run up to Christmas.

Trading was generally encouraging in April to June however our sales have been lower than forecast in July to September. We suspect that this is due to the move away from hot coffee to chilled drinks during an extremely hot July, good August and very warm September.

Future Developments and Prospects

The Group's objective remains to move towards sustainable profitability.

Our strategy remains organic growth of both our own label business and branded Rizzi and Langdons products. We continue to look at making acquisitions that can be integrated into the business but will only do so at a price that adds value to the company.

You will notice that your Board is asking for permission at the AGM to amend the Company's Articles of Association to allow it to communicate through electronic means to those shareholders who wish to receive their communications in this way. We feel that this power will allow the Group to communicate quicker and in a more environmentally friendly manner and urge you to support the amendment.

Finally, I would like to thank all our staff who continue to work extremely hard to make Coburg successful. With the option scheme we put in place during the year, this is their Group too and this is reflected in their commitment to the business.

ALISTAIR SUMMERS
Chairman

20 October 2006

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 April 2006.

Principal activity

The principal activity of the Group during the year was the roasting, packing and distribution of coffee beans and the blending, packing and distribution of tea.

The principal customers of the Group were the catering and food distribution sectors.

Results and dividends

The Group's loss for the year after taxation was £434,000 (2005: loss of £397,000) full details of which are set out in the Consolidated Profit and Loss Account.

The directors do not recommend the payment of a dividend (2005: Nil).

Review of business and future developments

A detailed review of the business and of future expected developments of the Group is set out in the Chairman's Statement.

Directors' interests

The directors' shareholdings at 30 April 2006 and 20 October 2006 are set out in the Report of the Remuneration Committee.

Policy on the payment of creditors

The Group does not follow a standard payment practice or code. It is the company's current practice to make payments to suppliers in accordance with agreed terms provided the supplier has performed in accordance with the relevant terms and conditions. The creditor days of the parent company calculated as at 30 April 2006 amounted to 66 days (2005: 206 days).

Political and charitable donations

The Group made charitable donations of £300 (2005: £Nil) to the Bexley and Greenwich Hospice during the year.

Directors

The directors who served during the year were:

Name	Title	Appointed
K P Legg	non-executive director	
A V Higgins	non-executive director	
A G Summers	executive chairman	
R Forrester	non-executive director	
R Hendy	non-executive director	
C Birkle	executive managing director	3 May 2005

Auditors

During the year, Lees Chartered Accountants offered their resignation as auditors. FW Stephens were appointed by the directors in their place and a resolution to reappoint FW Stephens as the Group's auditors will be put to the forthcoming Annual General Meeting.

Report of the Directors

Substantial shareholdings

As at 20 October 2006, 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	4,980,000*	20.60%
A G Summers	4,325,000	18.18%
Westcombe Investments Ltd	1,775,000	7.46%
M Cronk	1,428,500	6.00%
R Forrester	1,412,500	5.94%

**Included in the above number of shares are 2,900,000 shares (12.19%) held by Tudeley Holdings Limited, a company controlled by K P Legg.*

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 attached. 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 10.30am on 5 December 2006 at which the following resolutions will be proposed as Ordinary and Special Resolutions:

Ordinary Business

ORDINARY RESOLUTIONS

1. To receive the company's annual accounts for the financial statements for the year ended 30 April 2006 together with the last directors' report, the last directors' remuneration report and the auditors' report on those accounts.
2. To re-appoint Rory Forrester as a director who retires by rotation.
3. To re-appoint Robin Hendy as a director who retires by rotation.
4. To re-appoint FW Stephens 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.

Special Business

To consider and if thought fit pass the following resolutions as Ordinary Resolutions:

5. To approve the directors' remuneration report for the financial year ended 30 April 2006.
6. THAT in substitution for all existing authorities to the extent unused the directors be and they are generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section):

   (a) up to an aggregate nominal amount of £250,000 for cash; and

   (b) up to an aggregate nominal amount of £600,000 where such securities form the whole or part of the consideration for the acquisition of any other company;

   provided this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the directors may allot relevant securities pursuant to an offer or agreement made by the Company on or before that date as if such authority had not expired.

SPECIAL RESOLUTIONS

To consider and if thought fit pass the following resolutions as Special Resolutions:

7. THAT in substitution for all existing authorities to the extent unused, and subject to the passing of the previous resolution the directors be generally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) pursuant to the authority conferred by the above resolution as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

   (i) in connection with a rights issue or other pre-emptive share issue in favour of ordinary shareholders where the securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly may be) to the respective number of ordinary shares held by them but subject to such exclusions or arrangements as the directors may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or exchange or otherwise; and

   (ii) otherwise than pursuant to sub-paragraph (a) above for cash up to an aggregate nominal value of £250,000;

   provided this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the directors may allot relevant securities pursuant to an offer or agreement made by the Company on or before that date as if such authority had not expired.

8. THAT the Articles of Association of the Company be amended in the following manner:

   By the insertion of a new Article 153 as follows and the re-numbering of existing Articles 153 and 154 as 154 and 155 respectively:

   153 ELECTRONIC COMMUNICATIONS

   153(A) Any shareholder may notify the Company of an address to which the Company may send electronic communications and having done so the shareholder shall be treated as having agreed to receive notices and other documents from the Company by electronic means.

   153(B) If a shareholder notifies the Company of their e-mail address the Company may send the shareholder the notice or other document by:

   (i) publishing the notice or other document on a website and

   (ii) notifying the shareholder by e-mail that the notice or other document has been published on the website. The Company must also specify the address of the website on which it has been published, the place on the website where the notice may be accessed and how it may be accessed.

If the notice relates to a shareholders meeting the Company must also state:

(iii) that the notice concerns a notice of a shareholders meeting served in accordance with the Companies Act 1985;

(iv) the place, date and time of the shareholders meeting;

(v) whether the shareholders meeting is to be an Annual General Meeting or an Extraordinary General Meeting; and

(vi) all other information which is required by any laws which apply.

153(C) Any amendment or revocation of a notification given to the Company under this Article shall only take effect in writing signed by the shareholder and on actual receipt by the Company of the amendment or revocation.

153(D) An electronic communication shall not be treated as having been received by the Company if it is rejected by computer virus protection arrangements.

Registered office:
Unit 3 Harrington Way
Warspite Road
Woolwich
London SE18 5NU

By order of the Board
C Birkle
Managing Director
20 October 2006

Corporate Governance

Although not required to, the directors have decided to provide corporate governance disclosures and the board has considered the principles and provisions of "The Combined Code: Principles of Good Governance and the Code of Best Practice" ("the Code"). As part of this process Turnbull guidelines set out in "Guidance for Directors on the Combined Code" have also been reviewed and are covered under "Internal control" below.

An explanation of how the company has applied the principles and the extent to which the provisions in the Code have been complied with appears below.

1 Compliance statement

(a) Directors

The details of the company's board, together with the audit and remuneration committees, are set out on the Directors and Advisers page. The board meets at least six times a year and is provided with information which includes executive operating reports, management accounts, cash flows and budgets. At the year end there was an executive chairman, four independent non-executive directors, three of who are members of the audit committee, and two of whom comprise the remuneration committee, and one executive director. The remuneration and audit committees are both chaired by an independent director. The current constitution of these boards is shown on the Directors and Advisers page.

Appointments to the board are nominated by an individual director and then considered by the full board.

The service contracts of the executive directors are less than one year and determinable by three months notice. In accordance with the company's articles one third of the directors are required to retire by rotation each year, and where eligible may offer themselves for re-appointment.

(b) Directors' remuneration

As set out in their report, the remuneration of the executive directors is determined by the Remuneration Committee whilst that of the non-executives is determined by the whole board. The directors are conscious of the importance of performance related incentives but in view of the company's performance in recent years it has not proved possible to implement an effective bonus scheme.

(c) Relations with shareholders

The company encourages two-way communications with all its shareholders and responds quickly to all requests or queries received. All shareholders have at least twenty one working days' notice of the annual general meeting at which all of the directors and the chairman are normally available for questions. Comments and questions are encouraged from the shareholders at the meeting.

(d) Accountability and Audit

(i) Financial reporting

Detailed reviews of the performance and financial position of the Group are included in the chairman's statement. The board uses this and the Directors' Report to present a balanced and understandable assessment of the Group's position and prospects. The directors' responsibility for the financial statements is described in the Statement of Directors' Responsibilities.

(ii) Internal control

The board confirms that it has established the procedures necessary to implement the guidance set out in "Internal Control: Guidance for Directors on the Combined Code". The process of risk identification, evaluation and management has been considered by the board. It is the intention that this will continue to be kept under constant review and will be considered at each board meeting in the future. The Board is continuing to take steps to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management and the Board's attention.

The directors acknowledge their responsibilities for the Group's system of internal financial control. Such a system can provide reasonable but not absolute assurance against material misstatement or loss. The Board confirms that the procedures necessary to comply with the provisions of the code, including the guidance of Turnbull, have been in place throughout the year ended 30 April 2006 and up to the date of the directors' report. It has considered the major business risks and the control environment. Important control procedures, in addition to the day to day supervision of the business, include comparison of monthly management accounts to the budget and use of appropriate authorisation limits.

(iii) Audit committee and auditors

The executive chairman and director are not members of the committee, but are invited to attend their meetings. The auditors of the Group may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of the executive directors. The audit committee may examine any matters relating to the financial affairs of the Group, and to the Group's audit. This includes reviews of the annual accounts and announcements, accounting policies, compliance with accounting standards, the appointment and fees of auditors and such other related functions as the board may require.

(iv) Going concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Report of the Remuneration Committee

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.

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

			2006				2005	
	Salaries & fees	**Benefits**	**Total emoluments**	**Pension costs**	Salary & fees	Benefits	Total emoluments	Pension costs
	£	**£**	**£**	**£**	£	£	£	£
K P Legg	**11,500**	**—**	**11,500**	—	18,000	—	18,000	—
A V Higgins	**5,000**	**—**	**5,000**	—	5,000	—	5,000	—
J S P Maynard	**—**	**—**	**—**	—	7,265	—	7,265	—
R Forrester	**5,000**	**—**	**5,000**	—	5,830	—	5,380	—
R Hendy	**5,000**	**—**	**5,000**	—	2,915	—	2,915	—
A G Summers	**35,000**	**—**	**35,000**	—	65,000	—	65,000	—
C Birkle	**105,000**	**—**	**105,000**	—	—	—	—	—
	166,500	**—**	**166,500**	—	104,010	—	104,010	—

Notes:
(i) K P Legg's fees were paid to Tudeley Holdings Limited.
(ii) A G Summers' fees were paid to Summers & Co.

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 20 October 2006	**As at 30 April 2006**	As at 1 May 2005
K P Legg	**4,980,000**	**4,980,000**	3,300,000
A V Higgins	**122,564**	**122,564**	122,564
A G Summers	**4,325,000**	**4,325,000**	2,325,000
R Forrester	**1,412,500**	**1,412,500**	412,500
R Hendy	**1,775,000**	**1,775,000**	902,500
C Birkle	**90,000**	**90,000**	—

Of the 20.60% shareholding held by K P Legg 12.19% is held by Tudeley Holdings Limited, a company in which he is the majority shareholder.

Report of the Remuneration Committee

The 7.46% shareholding shown above in respect of R Hendy is held by Westcombe Investments Limited, a company in which he beneficially owns 50%.

Under the terms of the share option scheme the company has given a commitment to C Birkle in respect of 700,000 Ordinary Shares, 350,000 at 10p and 350,000 at 12.5p. As at the 20 October 2006 all shares had been granted but only 150,000 had been vested.

Approved by the Remuneration Committee
signed on its behalf by

Rory Forrester

20 October 2006

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

a) select suitable accounting policies and then apply them consistently;

b) make judgements and estimates that are reasonable and prudent;

c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;

d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Statement as to Disclosure of Information to Auditors

So far as the directors are aware there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Group's auditors are unaware, and they have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

……………………………………

A G Summers–*Director*

Date: 20 October 2006

Report of the Independent Auditors to the members of Coburg Group Plc

We have audited the group and parent company financial statements of Coburg Group Plc for the year ended 30 April 2006 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements.

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

We read the directors' report and the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Report of the Independent Auditors to the members of Coburg Group Plc

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the parent company and of the Group as at 30 April 2006, and of the loss of the Group for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the financial statements.

FW Stephens
Chartered Accountants
Registered Auditors

24 Chiswell Street
London
EC1Y 4YX

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 APRIL 2006

	Note	**2006 £000**	2005 £000
Turnover			
Continuing operations		**3,175**	2,874
Acquisitions		**8**	—
Total turnover	*3*	**3,183**	2,874
Cost of sales	*2b*	**(1,811)**	(1,577)
Gross profit		**1,372**	1,297
Distribution and selling costs	*2b*	**(549)**	(495)
Administrative costs	*2b*	**(1,224)**	(1,182)
Operating (loss) / profit			
Continuing operations		**(404)**	(380)
Acquisitions		**3**	—
Group operating loss		**(401)**	(380)
(Loss)/Profit on sale of fixed assets in continuing operations		**(13)**	1
Loss on ordinary activities before interest		**(414)**	(379)
Interest payable	*5*	**(20)**	(17)
Loss on ordinary activities before taxation	*6*	**(434)**	(396)
Taxation	*8*	**—**	—
Loss on ordinary activities after taxation		**(434)**	(396)
Equity minority interests		**—**	(1)
Loss retained for the financial year	*18*	**(434)**	(397)
Loss per share in pence – basic and diluted	*9*	**(2.06)**	(1.88)

There are no recognised gains or losses in either the current or previous financial years other than the profits and losses disclosed in the profit and loss account. Accordingly no statement of total recognised gains and losses has been prepared.

Consolidated Balance Sheet

AS AT 30 APRIL 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Fixed assets					
Tangible assets	*10a*	**508**		593	
Intangible assets	*10b*	**211**		317	
			719		910
Current assets					
Stocks	*11*	**233**		193	
Debtors	*12*	**600**		551	
Cash at bank and in hand		**—**		26	
		833		770	
Creditors: amounts falling due within one year	*13*	**(754)**		(924)	
Net current assets/(liabilities)			**79**		(154)
Total assets less current liabilities			**798**		756
Creditors: amounts falling due after more than one year	*14*		**(131)**		(87)
Minority Interests					
Equity minority interests			**(10)**		(10)
Net assets			**657**		659
Capital and reserves					
Called up share capital	*17*		**1,190**		830
Share premium account	*18*		**418**		346
Other reserves	*18*		**428**		428
Profit and loss account	*18*		**(1,379)**		(945)
Equity shareholders' funds	*19*		**657**		659

Approved by the board of directors on 20 October 2006 and signed on its behalf by:

A. G. Summers
Director

C. W. Birkle
Director

Company Balance Sheet

AS AT 30 APRIL 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Fixed assets					
Intangible assets	*10b*	**97**		181	
Investments	*10c*	**51**		201	
			148		382
Current assets					
Debtors – due within one year		**1,483**		1,302	
– due in more than one year		**—**		651	
Total debtors	*12*	**1,483**		1,953	
Cash at bank and in hand		**—**		—	
		1,483		1,953	
Creditors: amounts falling due within one year	*13*	**(1,023)**		(973)	
Net current assets			**460**		980
Total assets less current liabilities			**608**		1,362
Creditors: amounts falling due after more than one year	*14*		**(—)**		(—)
Total assets less current liabilities			**608**		1,362
Capital and reserves					
Called up share capital	*17*		**1,190**		830
Share premium account	*18*		**418**		346
Other reserves	*18*		**428**		428
Profit and loss account	*18*		**(1,428)**		(242)
Equity shareholders' funds	*19*		**608**		1,362

Approved by the board of directors on 20 October 2006 and signed on its behalf by:

A. G. Summers
Director

C. W. Birkle
Director

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Net cash outflow operating activities	21		**(438)**		(98)
Returns on investment and servicing of finance					
Interest paid		**(20)**		(17)	
			(20)		(17)
Capital expenditure and financial investment					
Purchase of tangible assets		**(98)**		(142)	
Purchase of intangibles		**(65)**		—	
Sale of tangible fixed assets		**32**		25	
			(131)		(117)
Net cash outflow before financing			**(589)**		(232)
Financing					
Proceeds of ordinary share issue		**432**		—	
Net increase/(decrease) in borrowings		**46**		(14)	
Net cash inflow/(outflow) from financing			**478**		(14)
Decrease in cash during the year	23		**(111)**		(246)

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Consolidation and goodwill

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries.

On the acquisition of a business, fair values are attributed to the Group's share of net tangible assets. Where the cost of acquisition is more than the values attributable to such net assets, the difference is treated as goodwill and is capitalised as an intangible asset, and amortised over its expected useful economic life up to a maximum of ten years.

(c) Turnover

Turnover represents the amount receivable for goods sold during the year, net of trade discounts and value added tax.

(d) Depreciation

Depreciation is provided in equal amounts over the estimated useful economic lives of the assets.

The annual depreciation and amortisation rates are:

Motor vehicles	25%
Plant and machinery	5%
Fixtures and fittings	20%
Leasehold improvements	25%
Coffee machines	25%

(e) Leases

The capital cost of equipment acquired under finance leases is capitalised. Finance costs are charged to the profit and loss account over the period of the agreement. Obligations under finance leases are included in creditors net of finance costs allocated to future periods.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

(f) Investments

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

(g) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises purchase price together with appropriate production overheads.

1. Accounting policies (continued)

(h) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(i) 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 with in the profit and loss account.

2. (a) Acquisitions and goodwill

On 21 April 2006 the Group acquired the goodwill, stock, plant & machinery and fixtures and fittings of Aroma Coffee Limited. The balance of goodwill arising as a result of this purchase is £65,000 and this has been capitalised in the Group balance sheet.

The following table shows the major categories of assets and liabilities acquired. No adjustments have been made to book values in arriving at the provisional fair values to the Group.

	£000
Fixed Assets	**42**
Stock	**39**
	81
Goodwill	**65**
Cash consideration	**146**

2. (b) Analysis of continuing and acquired operations

	2006 Continuing operations *£000*	**2006 Acquisitions *£000***	**2006 Total *£000***	*2005 Continuing operations £000*	*2005 Acquisitions £000*	*2005 Total £'000*
Turnover	**3,175**	**8**	**3,183**	2,874	—	2,874
Cost of sales	**(1,806)**	**(5)**	**(1,811)**	(1,577)	—	(1,577)
Gross profit	**1,369**	**3**	**1,372**	1,297	—	1,297
Distribution costs	**(549)**	**—**	**(549)**	(495)	—	(495)
Administrative expenses	**(1,224)**	**—**	**(1,224)**	(1,182)	—	(1,182)
Operating (loss) / profit	**(404)**	**3**	**(401)**	(380)	—	(380)

3. Turnover, loss before taxation and net assets

The turnover, loss before taxation and net assets are wholly attributable to the Group's principal activity and arise almost entirely in the UK.

4. Loss of parent company

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account for the company is not presented. The loss of the parent company was £1,185,788 (2005: profit £1,000). This loss is stated after an exceptional provision against a balance owed by a subsidiary undertaking of £975,000, a provision against subsidiary investments of £150,000 and an impairment of goodwill of £61,155.

5. Interest payable

	2006 *£000*	*2005 £000*
Finance lease interest	**6**	8
Bank loans and overdrafts	**14**	9
	20	17

6. Loss on ordinary activities before taxation

	2006 *£000*	*2005 £000*
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit	**16**	14
Other services	**—**	4
Depreciation		
Owned assets	**120**	105
Under finance arrangements	**17**	14
Property rentals payable under operating leases	**98**	113
Amortisation/impairment of goodwill	**163**	40
Amortisation of branding costs	**8**	3

7. Directors and employees

	2006 *Number*	*2005* *Number*
Production	**14**	12
Sales and distribution	**13**	15
Administration	**5**	6
	32	33

The aggregate payroll costs were as follows:

	2006 *Number*	*2005* *Number*
Wages and salaries	**816**	912
Social security costs	**67**	70
	883	982

Details of directors' remuneration required by the Companies Act 1985 and those for audit by the UK Listing Authority are shown within the report of the Remuneration Committee on page 10, and form part of these audited financial statements.

8. Taxation

There is no tax charge in respect of the year. As at the balance sheet date the Group has trading losses of £2,064,037 (2005:£1,609,144) available for set off against future trading profits of the same trade subject to Revenue agreement.

9. Loss per share

Loss per share for the year ended 30 April 2006 is calculated on the consolidated loss on ordinary activities after tax of £434,000, divided by 21,109,161, this being the weighted average number of ordinary shares in issue during the year. The earnings per share for the year ended 30 April 2005 has been restated to reflect the share issue during the year per note 17 and is calculated on the consolidated loss on ordinary activities after tax of £397,000 divided by 21,109,161 being the weighted average number of shares in issue during the year.

10. Fixed assets

(a) Tangible assets

	Leasehold Improvements *£000*	Coffee machines *£000*	Plant & machinery *£000*	Fixtures & fittings *£000*	Motor vehicles *£000*	Total *£'000*
Group						
Cost						
At 1 May 2005	69	128	1,180	398	71	1,846
Additions	20	37	15	26	—	98
Disposals	—	—	(161)	(3)	(36)	(200)
At 30 April 2006	89	165	1,034	421	35	1,744
Depreciation						
At 1 May 2005	28	90	757	325	53	1,253
Charge for the year	27	5	73	27	5	137
No longer required	—	—	(121)	(2)	(31)	(154)
At 30 April 2006	55	95	709	350	27	1,236
Net book value						
At 30 April 2006	**34**	**70**	**325**	**71**	**8**	**508**
At 30 April 2005	41	38	423	73	18	593

The net book value of motor vehicles includes an amount of £5,000 (2005: £13,000) in respect of assets held under finance leases or hire purchase contracts. Included in plant and machinery are assets held under finance leases or hire purchase contracts with a net book value of £139,000 (2005: £146,000). Included in fixtures and fittings are assets held under finance leases or hire purchase contracts with a net book value of £22,000 (2005: £28,000).

(b) Intangible assets

	Product Branding *£000*	Goodwill *£000*	Total *£000*
Group			
Cost			
At 1 May 2005	42	1,400	1,442
Additions	—	65	65
At 30 April 2006	42	1,465	1,507
Amortisation			
At 1 May 2005	4	1,121	1,125
Provision for the year	8	163	171
At 30 April 2006	12	1,284	1,296
Net book value at 30 April 2006	**30**	**181**	**211**
Net book value at 30 April 2005	38	279	317

10. Fixed assets (continued)

(b) Intangible assets

	Goodwill
	£000
Company	
Cost	
At 1 May 2005	222
At 30 April 2006	222
Amortisation	
At 1 May 2005	41
Charge for the year	84
At 30 April 2006	125
Net book value	
At 30 April 2006	**97**
At 30 April 2005	181

(c) Fixed asset investments

	Shares in Group undertakings	Shares in listed companies	Total
	£000	*£000*	*£000*
Company			
Cost			
At 1 May 2005	4,239	40	4,279
Disposal	—	(40)	(40)
At 30 April 2006	4,239	—	4,239
Provision for impairment in value			
At 1 May 2005	4,038	40	4,078
Charge	150	—	150
Disposal	—	(40)	(40)
At 30 April 2006	4,188	—	4,188
Net book value at 30 April 2006	**51**	**—**	**51**
Net book value at 30 April 2005	201	—	201

10. Fixed assets (continued)

(c) Fixed asset investments (continued)

All investments in the Group undertakings are by way of ordinary shares.

Subsidiary Undertaking	Country of registration and incorporation	Activity	Percentage of Ordinary shares
Coburg Coffee Company Limited	England and Wales	Buying, roasting, blending and selling coffee & tea	100%
Capital Coffee Limited	England and Wales	Non Trading	100%
CK Coffee Limited	England and Wales	Provision of quality coffee service for use on customer premises	78%
G & M Rizzi Coffee Company Limited	England and Wales	Non Trading	100%

11. Stocks

	Group	
	2006	2005
	£000	*£000*
Raw materials and consumables	**80**	82
Work in progress	**14**	19
Finished goods and goods for resale	**139**	92
	233	193

12. Debtors

	Group		Company	
	2006	**2005**	**2006**	2005
	£000	*£000*	***£000***	*£000*
Trade debtors	**465**	460	**—**	—
Amounts owed by subsidiary undertakings	**—**	—	**1,462**	1,933
Other debtors	**91**	63	**17**	14
Prepayments and accrued income	**44**	28	**4**	6
	600	551	**1,483**	1,953

Included within the amounts owed by subsidiary undertakings shown above is £651,000 (2005: £651,000) which is interest free, secured by a debenture, and due for repayment in one year and a day following receipt of notice.

13. Creditors: amounts falling due within one year

	Group		Company	
	2006	**2005**	**2006**	2005
	£000	*£000*	***£000***	*£000*
Bank loans and overdraft (note 16)	**179**	94	**221**	88
Net obligations under finance lease and hire purchase contracts (note 16)	**41**	39	**—**	—
Trade creditors	**377**	537	**36**	123
Amounts owed to subsidiary undertakings	**—**	—	**737**	737
Other taxation and social security	**20**	39	**—**	—
Other creditors	**32**	60	**—**	3
Accruals and deferred income	**105**	155	**29**	22
	754	924	**1,023**	973

Bank loans and overdrafts of £179,000 (2005: £94,000) are secured by a fixed and floating charge over the assets of the Group.

Net obligations under finance lease and hire purchase contracts shown above are secured on the assets concerned.

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2006	**2005**	**2006**	2005
	£000	*£000*	***£000***	*£000*
Other creditors	**104**	—	**—**	—
Net obligations under finance lease and hire purchase contracts (note 16)	**27**	87	**—**	—
	131	87	**—**	—

Net obligations under finance lease and hire purchase contracts shown above are secured on the assets concerned. The bank loan shown above is repayable by instalments falling due between one and two years and is secured by a fixed and floating charge over the assets of the Group.

15. Financial instruments disclosures

The Group's financial instruments comprise borrowings, some cash and liquid resources, and various items, such as trade debtors, trade creditors 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.

Liquidity

Historically the Group's policy has been to finance its business primarily with equity and short-term borrowings. This policy continued in the year with the acquisition of the trade and assets of Aroma Coffee Limited, funded through the issue of additional equity. The Group also invested heavily in plant & machinery during 2004 and this was funded by a fixed rate hire purchase of £119,000. At the year-end all but £131,000 (2005: £87,000) 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. At the year end the Group had no foreign currency debtors, or creditors and it had not entered into any foreign exchange contracts.

The disclosure below excludes short-term trade debtors and trade creditors.

(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 2006 were as follows:

	April 2006 Floating rate financial liabilities *£000*	**April 2006 Fixed rate financial liabilities** *£000*	April 2005 Floating rate financial liabilities *£000*	April 2005 Fixed rate financial liabilities *£000*
Bank loans and overdraft	**179**	**—**	94	—
Hire purchase	**—**	**68**	—	126
Total	**179**	**68**	94	126

The bank loans and overdraft at 30 April 2006 carried average interest rates of 8% and the hire purchase liabilities 4% to 10%.

(b) Borrowing facilities

At 30 April 2006 the Group had a £200,000 bank borrowing facilities that expires within one year. At the year end the facility had been breached by £21,000 due to the late settlement of a contract by a customer. This breach was approved by the bank in advance and as such no penalties arose. In addition liabilities under hire purchase contracts were in existence at that date.

(c) Fair value of financial assets and liabilities

The fair values of the Group's financial assets and liabilities are not materially different from those at which they are carried in the accounts.

16. Borrowings

	Group		Company	
	2006	**2005**	**2006**	2005
	£000	*£000*	***£000***	*£000*
Bank loans and overdrafts:				
Due within one year	**179**	94	**221**	88
Net obligations under finance lease and hire purchase contracts:				
Due within one year	**46**	47	**—**	—
Due between one and two years	**27**	43	**—**	—
Due between two and five years	—	60	**—**	—
	73	150	—	—
Finance charges allocated to future periods	**(5)**	(24)	**—**	—
	68	126	**—**	—
Total borrowings	**247**	220	**221**	88

Obligations under finance lease and hire purchase contracts are secured on the related assets. The bank loans and overdraft are secured by way of a fixed and floating charge over the assets of the Group.

17. Called up share capital

	2006	2005
	£000	*£000*
Authorised:		
51,169,137 ordinary shares of 5p each	**2,558**	2,558
Allotted capital called up and fully paid:		
23,790,914 (2005: 16,590,914) ordinary shares of 5p each	**1,190**	830

In September 2005, 7,200,000 ordinary shares were issued in two tranches to generate greater working capital for the Group. The proceeds raised by this issue were £432,000.

18. Reserves

	Share premium account £000	Merger relief reserve £000	Profit and loss account £000
Group			
At 1 May 2005	346	428	(945)
Share issue	72	—	—
Retained loss for the year	—	—	(434)
At 30 April 2006	**418**	**428**	**(1,379)**
Company			
At 1 May 2005	346	428	(242)
Share issue	72	—	—
Retained loss for the year	—	—	(1,186)
At 30 April 2006	**418**	**428**	**(1,428)**

19. Reconciliation of movements in shareholders' funds

	Group		**Company**	
	2006	**2005**	**2006**	2005
	£000	*£000*	***£000***	*£000*
(Loss) / profit for the financial year	**(434)**	(397)	**(1,186)**	1
Issue of ordinary shares	**432**	–	**432**	—
Net increase/(decrease) in shareholders' funds	**(2)**	(397)	**(754)**	1
Opening shareholders' funds	**659**	1,056	**1,362**	1,361
Closing shareholders' funds	**657**	659	**608**	1,362

20. Commitments

At 30 April 2006 the Group was committed to making the following payments during the next year under non-cancellable operating leases in subsequent years

	Land and building	
	2006	2005
	£000	*£000*
On leases expiring:		
Within one year	**88**	—
Within two to five years	**8**	96
	96	96

21. Reconciliation of operating loss to net cash outflow from operating activities

	2006	2005
	£000	*£000*
Operating loss	**(401)**	(380)
Depreciation	**139**	119
Amortisation and impairment of goodwill	**171**	43
(Increase)/Decrease in stocks	**(40)**	36
Increase in debtors	**(49)**	(79)
(Decrease)/Increase in creditors	**(258)**	163
Net cash outflow from operating activities	**(438)**	(98)

22. Analysis of net funds

	At 1 May 2005	Cash Flow	Other non cash changes	**At 30 April 2006**
	£000	*£000*	*£000*	***£000***
Cash at bank and in hand	26	(26)	—	**—**
Bank overdrafts	(94)	(85)	—	**(179)**
Net obligations under finance leases and hire purchase agreements	(126)	58	—	**(68)**
	(194)	(53)	—	**(247)**

23. Reconciliation of net cash flow to movement in net debt

	2006	2005
	£000	*£000*
Decrease in cash in the period	**(111)**	(246)
Cash outflow from movement in debt and lease financing	**58**	44
Change in net debt resulting from cash flows	**(53)**	(202)
New finance lease and hire purchase obligations	**—**	(30)
Movement in net debt in the period	**(53)**	(232)
Opening net debt	**(194)**	38
Closing net debt	**(247)**	(194)

24. Contingent Liability

The company has entered into cross guarantees with the mutual bankers of the Coburg Group companies for all bank borrowings in the Group.

25. Control

The day-to-day administration and financial supervision of the Group is the responsibility of the directors as set out in the Statement of Directors' Responsibilities.

Notice of Annual General Meeting

(REGISTERED IN ENGLAND NO. 2956279)

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 32. 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 10.30a.m. on 5 December 2006 at which the following resolutions will be proposed as Ordinary and Special Resolutions:

Ordinary Business

ORDINARY RESOLUTIONS

1. To receive the company's annual accounts for the financial statements for the year ended 30 April 2006 together with the last directors' report, the last directors' remuneration report and the auditors' report on those accounts.
2. To re-appoint Rory Forrester as a director who retires by rotation.
3. To re-appoint Robin Hendy as a director who retires by rotation.
4. To re-appoint FW Stephens 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.

Special Business

To consider and if thought fit pass the following resolutions as Ordinary Resolutions:

5. To approve the directors' remuneration report for the financial year ended 30 April 2006.
6. THAT in substitution for all existing authorities to the extent unused the directors be and they are generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section):

   (a) up to an aggregate nominal amount of £250,000 for cash; and

   (b) up to an aggregate nominal amount of £600,000 where such securities form the whole or part of the consideration for the acquisition of any other company;

provided this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the directors may allot relevant securities pursuant to an offer or agreement made by the Company on or before that date as if such authority had not expired.

SPECIAL RESOLUTIONS

To consider and if thought fit pass the following resolutions as Special Resolutions:

7. THAT in substitution for all existing authorities to the extent unused, and subject to the passing of the previous resolution the directors be generally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) pursuant to the authority conferred by the above resolution as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

   (i) in connection with a rights issue or other pre-emptive share issue in favour of ordinary shareholders where the securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly may be) to the respective number of ordinary shares held by them but subject to such exclusions or arrangements as the directors may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or exchange or otherwise; and

(ii) otherwise than pursuant to sub-paragraph (a) above for cash up to an aggregate nominal value of £250,000;

provided this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the directors may allot relevant securities pursuant to an offer or agreement made by the Company on or before that date as if such authority had not expired.

8. THAT the Articles of Association of the Company be amended in the following manner:

By the insertion of a new Article 153 as follows and the re-numbering of existing Articles 153 and 154 as 154 and 155 respectively:

153 ELECTRONIC COMMUNICATIONS

153(A) Any shareholder may notify the Company of an address to which the Company may send electronic communications and having done so the shareholder shall be treated as having agreed to receive notices and other documents from the Company by electronic means.

153(B) If a shareholder notifies the Company of their e-mail address the Company may send the shareholder the notice or other document by:

(vii) publishing the notice or other document on a website and

(viii) notifying the shareholder by e-mail that the notice or other document has been published on the website. The Company must also specify the address of the website on which it has been published, the place on the website where the notice may be accessed and how it may be accessed.

If the notice relates to a shareholders meeting the Company must also state:

(ix) that the notice concerns a notice of a shareholders meeting served in accordance with the Companies Act 1985;

(x) the place, date and time of the shareholders meeting;

(xi) whether the shareholders meeting is to be an Annual General Meeting or an Extraordinary General Meeting; and

(xii) all other information which is required by any laws which apply.

153(C) Any amendment or revocation of a notification given to the Company under this Article shall only take effect in writing signed by the shareholder and on actual receipt by the Company of the amendment or revocation.

153(D) An electronic communication shall not be treated as having been received by the Company if it is rejected by computer virus protection arrangements.

Registered office:
Unit 3 Harrington Way
Warspite Road
Woolwich
London SE18 5NU

By order of the Board
C BIRKLE
Managing Director
20 October 2006

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a Member of the Company.

2. A form of proxy is enclosed with this notice. To be valid, the form of proxy, together with the power of attorney or other authority under which it is executed or a notarially certified copy of such power or authority, must be lodged at Capita Registrars, Northern House, Woodson Park, Fennay Bridge, Huddersfield, Yorks, HD8 0JQ not later than 48 hours before the time of the Meeting or any adjournment thereof.

3. The completion and return of a form of proxy will not prevent a member from attending and voting in person at the Meeting if so desired.

4. The following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company from the date of this notice until the conclusion of the Meeting:

(a) copies of directors' service and consultancy agreements (or a memorandum of the terms of such agreements) with the Company or with any of its subsidiary undertakings; and

(b) the Register of Directors' interests in the share capital of the Company.

Proxy Form

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 5 December 2006.
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 5 December 2006 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.

ORDINARY BUSINESS	**FOR**	**AGAINST**	**VOTE WITHHELD**
1. To receive the Company's financial statements for the year ended 30 April 2006 together with the reports of the directors and auditors thereon.			
2. To re-appoint the following director who retires by rotation: Rory Forrester.			
3. To re-appoint the following director who retires by rotation: Robin Hendy			
4. To re-appoint FW Stephens 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 by the directors.			
SPECIAL BUSINESS			
5. To approve the directors' remuneration report for the financial year ended 30 April 2006.			
ORDINARY RESOLUTION			
6. Pursuant to S80 Companies Act 1985 to authorise the directors to allot relevant securities: (a) up to an aggregate nominal amount of £250,000 for cash; (b) up to an aggregate nominal amount of £600,000 as consideration in acquisitions.			
SPECIAL RESOLUTION			
7. To empower the directors to allot equity securities as if S89(1) Companies Act 1985 did not apply limited to such equity securities being allotted in connection with: (a) a rights issue or other pre-emptive share issue in favour of ordinary shareholders; (b) for cash up to an aggregate nominal value of £250,000.			

Dated .... 2006 Signature(s) ....

Notes:

1. If you wish to appoint a person as a proxy other than the Chairman of the meeting, insert the name in the space provided and delete "the Chairman of the meeting or".
2. In the case of a corporation, this proxy must be given under its common seal or signed on its behalf by a duly authorised office or an attorney.
3. To be effective at the meeting this proxy must be lodged at the address shown overleaf not later than 48 hours before the time of the meeting together, if appropriate, with the power of attorney or other authority under which it is signed or a duly certified copy of that power of authority.
4. In the case of joint holders the signature of any one holder will be sufficient but the names of all the joint holders should be stated. The vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose security is determined by the order in which the names stand in the register of members in respect of the joint holding.
5. Completion and return of this form of proxy does not preclude a member from subsequently attending and voting at the meeting. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitles to attend and vote at the meeting if they are registered in the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.

First Fold

Second Fold

BUSINESS REPLY SERVICE
Licence No MB122

1

Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent BR3 4BR

Third Fold

First Fold