

COBURG GROUP

COBURG GROUP PLC
Annual Report and Accounts
for the year ended 30th April 2007

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Directors and Advisers

The Board of Directors

Alistair G Summers FCA

(Executive Chairman)

Alistair 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 42).

Chris W Birkle ACA

(Executive Group Managing Director)

Chris 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 41).

Konrad P Legg

*(Non-Executive Director)**

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 (Age 63).

D Rory Forrester

(Non-Executive Director) †*

Rory 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 66).

Robin Hendy

(Non-Executive Director) †*

Robin 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 62).

**Member of the Audit Committee*

†Member of the Remuneration Committee

Company Secretary

Cargil Management Services Ltd
22 Melton Street
London NW1 2BW

Head office and Registered office

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Warspite Road
Woolwich
London SE18 5NU
020 8317 0103

Registered number

2956279

Auditors

FW Stephens
Third Floor
24 Chiswell Street
London EC1Y 4YX

Banker

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Level 27
1 Churchill Place
London E14 5HP

Nominated Adviser

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Grant Thornton House
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Registrar

Capita Registrars
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Woodsome Park
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Huddersfield
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HD8 0LA

Brokers

Merchant Capital Ltd
7 Floor, Aldermay House
10-15 Queen Street
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EC4N 1TX

Chairman's Statement

Overview

The Group has shown substantial improvement over the past year. The Board is encouraged by the reduction of the loss before taxation from £440,000 (as restated) in 2005/6 to £143,000 this year.

Group turnover increased from £3.183m last year to £3.288m in 2006/7 as the benefit of the purchase of Aroma Coffee fed through. The Group's traditional customer base of small independent coffee shops continues to suffer at the expense of larger High Street Chains and our sales mix continues to reflect this.

We have seen strong interest in both of our brands and our own label products where our blending, roasting and operational expertise allows us to produce excellent quality products at competitive prices. Consumer demand has increased for ethical products and the launch of our own "Return Fair" coffee during the year together with our work with Fairtrade has led to an increase in sales of ethical products.

During the year, Anne Higgins retired from the Board and I would like to publicly thank her once again for all the work she did for the Company over more than eleven years.

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. During this first half our sales are growing and I would expect the first half loss to be lower than last year's.

Future Developments and Prospects

The Board remains committed to returning the business to sustainable profitability.

We continue to look at making acquisitions that can be integrated into the business but will only do so at price that adds value to the Group.

Finally, I would like to thank all the staff in the Group who continue to make this such an exciting business to be involved in. The benefits of their work are seen in these accounts and I am grateful for everything they do.

ALISTAIR SUMMERS

Chairman

19 October 2007

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 April 2007.

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 in the catering and food distribution sectors.

Results and dividends

The group's loss for the year after taxation was £143,000 (2006: loss of £440,000, as restated) full details of which are set out on page 13.

The directors do not recommend the payment of a dividend (2006: 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 on page 3.

Directors' interests

The directors' shareholdings at 30 April 2007 and at the latest date practicable prior to preparation of this document are set out on page 8.

Policy on the payment of creditors

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 2007 amounted to 33 days (2006: 66 days).

Political and charitable donations

The group made charitable donations of £Nil (2006: £300) during the year.

Directors

The directors who served during the year were:

Name	Title	Resigned
K P Legg	non-executive director	—
A V Higgins	non-executive director	23 January 2007
A G Summers	executive chairman	—
C W Birkle	executive managing director	—
R Forrester	non-executive director	—
R Hendy	non-executive director	—

Report of the Directors

Substantial shareholdings

As at 30 August 2007, 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	5,155,000	21.67%
A G Summers	4,325,000	18.18%
Westcombe Investments Ltd	1,775,000	7.46%
M Cronk	1,428,500	6.00%
D R Forrester	1,415,000	5.95%
R C McGuire	882,500	3.71%

Included in the above number of shares are 2,900,000 shares (17.48%) held by Tudeley Holdings, a company controlled by K P Legg, As at the year end R Hendy held a 50% beneficial interest in Westcombe Investments Limited.

ON BEHALF OF THE BOARD

.....
A G Summers – Director

Date: 19 October 2007

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 page 2. 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, three independent non-executive directors, all of whom are members of the audit committee, 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 page 2.

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 on pages 8 and 9 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 on pages 4 and 5 to present a balanced and understandable assessment of the group’s position and prospects. The directors’ responsibility for the financial statements is described on page 10.

Corporate Governance

(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 2007 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 director is not a member of the committee, but is 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. The Committee comprised of Rory Forrester (Chairman) and Robin Hendy.

Remuneration policy

The group's executive remuneration policy objectives are:

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

Directors' emoluments

	Salaries & fees £	2007 Total emoluments £	Salary & fees £	2006 Total emoluments £
C W Birkle	79,333	79,333	105,000	105,000
D R Forrester	3,333	3,333	5,000	5,000
R Hendy	3,333	3,333	5,000	5,000
A V Higgins	7,500	7,500	5,000	5,000
K P Legg	3,333	3,333	11,500	11,500
A G Summers	29,500	29,500	35,000	35,000
	<u>126,332</u>	<u>126,332</u>	<u>166,500</u>	<u>166,500</u>

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 30 April 2007	As at 1 May 2006
K P Legg	5,155,000	4,980,000
A G Summers	4,325,000	4,325,000
R Hendy	1,775,500	1,775,000
D R Forrester	1,415,000	1,412,500
C W Birkle	90,000	90,000

Of the 21.67% shareholding held by K P Legg 12.19% is held by Tudeley Holdings Limited, a company in which he is the majority shareholder.

Of the shareholding held by R Hendy all of the shares are held by Westcombe Investments Limited, a company in which he beneficially owns 50%.

Report of the Remuneration Committee

Directors' Interests in Share Options

Under the group's executive share option scheme the following directors have the right to acquire Ordinary shares. The options were granted on 6 October 2005 and are exercisable on or before 5 October 2015.

	As at 30 April 2007	As at 1 May 2006
C W Birkle	350,000 at 10p 350,000 at 12½p	350,000 at 10p 350,000 at 12½p

Approved by the Remuneration Committee
signed on its behalf by

D R Forrester
Chairman of Remuneration Committee

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.

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 company'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: 19 October 2007

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 2007 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, 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

The directors' responsibilities for the preparation of the Annual Report and group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for the preparation of the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report and 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 group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 April 2007, and of the loss of the group for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 April 2007 and of its loss for the year then ended;
- the parent company 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 2007

	<i>Note</i>	2007 £000	2006 £000 as restated
Turnover			
Continuing operations		3,288	3,175
Acquisitions		—	8
Total Turnover	3	<u>3,288</u>	3,183
Cost of sales	2	<u>(2,020)</u>	<u>(1,811)</u>
Gross profit		1,268	1,372
Distribution and selling costs	2	(482)	(549)
Administrative costs	2	<u>(899)</u>	<u>(1,230)</u>
Operating loss			
Continuing operations		(113)	(410)
Acquisitions		—	3
Group operating loss		(113)	(407)
Loss on sale of fixed assets in continuing operations		<u>(1)</u>	<u>(13)</u>
Loss on ordinary activities before interest		(114)	(420)
Interest payable	5	<u>(29)</u>	<u>(20)</u>
Loss on ordinary activities before taxation	6	(143)	(440)
Taxation	8	—	—
Loss on ordinary activities after taxation		(143)	(440)
Equity minority interests		<u>1</u>	<u>—</u>
Loss retained for the financial year	20	<u>(142)</u>	<u>(440)</u>
Loss per share in pence – basic and diluted	9	(0.60)	(2.08)

Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 30 APRIL 2007

	<i>Note</i>	2007 £000	2006 £000 as restated
Loss for the financial year		(142)	(440)
Increase in Share Option Reserve	<i>11</i>	<u>3</u>	<u>6</u>
Total Gains and Losses recognised since last financial statements		<u>(139)</u>	<u>(434)</u>

Consolidated Balance Sheet

AS AT 30 APRIL 2007

	<i>Note</i>	2007		2006	
		£000	£000	£000	£000
				as restated	
Fixed assets					
Tangible assets	<i>12a</i>	512		508	
Intangible assets	<i>12b</i>	190		211	
			702		719
Current assets					
Stocks	<i>13</i>	261		233	
Debtors	<i>14</i>	411		600	
		672		833	
Creditors: amounts falling due within one year	<i>15</i>	(617)		(754)	
Net current assets			55		79
Total assets less current (liabilities)/assets			757		798
Creditors: amounts falling due after more than one year	<i>16</i>		(230)		(131)
Minority Interests					
Equity minority interests			(9)		(10)
Net assets			518		657
Capital and reserves					
Called up share capital	<i>19</i>		1,190		1,190
Share premium account	<i>20</i>		418		418
Other reserves	<i>20</i>		437		434
Profit and loss account	<i>20</i>		(1,527)		(1,385)
Equity shareholders' funds	<i>21</i>		518		657

Approved by the board of directors on 19 October 2007 and signed on its behalf by:

A. G. Summers

Director

C. W. Birkle

Director

Company Balance Sheet

AS AT 30 APRIL 2007

	<i>Note</i>	2007		2006	
		£000	£000	£000	£000
				as restated	
Fixed assets					
Intangible assets	<i>12b</i>	84		97	
Investments	<i>12c</i>	51		51	
			135		148
Current assets					
Debtors – due within one year		93		832	
– due in more than one year		—		651	
Total debtors	<i>14</i>	93		1,483	
		93		1,483	
Creditors: amounts falling due within one year	<i>15</i>	(146)		(1,023)	
Net current (liabilities)/assets			(53)		460
Total assets less current (liabilities)/assets			82		608
Creditors: amounts falling due after more than one year	<i>16</i>		(75)		(—)
Net assets			7		608
Capital and reserves					
Called up share capital	<i>19</i>		1,190		1,190
Share premium account	<i>20</i>		418		418
Other reserves	<i>20</i>		437		434
Profit and loss account	<i>20</i>		(2,038)		(1,434)
Equity shareholders' funds	<i>21</i>		7		608

Approved by the board of directors on 19 October 2007 and signed on its behalf by:

A. G. Summers

Director

C. W. Birkle

Director

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL 2007

	<i>Note</i>	2007		2006	
		£000	£000	£000	£000
Net cash inflow/(outflow) Operating activities	23		151		(438)
Returns on investment and servicing of finance					
Interest paid		<u>(29)</u>		<u>(20)</u>	
			(29)		(20)
Capital expenditure and financial investment					
Purchase of tangible assets		(118)		(98)	
Purchase of intangibles		(17)		(65)	
Sale of tangible fixed assets		<u>—</u>		<u>32</u>	
			(135)		(131)
Net cash outflow before financing			(13)		(589)
Financing					
Proceeds of ordinary share issue		<u>—</u>		432	
Net increase in borrowings		120		<u>46</u>	
Net cash inflow from financing			120		478
Increase/(Decrease) in cash during the year	25		<u>107</u>		<u>(111)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

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 or less than the values attributable to such net assets, the difference is treated as positive or negative goodwill respectively 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

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.

(j) *Change of accounting policy*

This is the first accounting period in which the group and company have adopted the Financial Reporting Standard 20 "Share-based Payments". The adoption of FRS20 and the effect on the financial statements are stated in notes 10 & 11 of this report. FRS20 requires the group to reflect in its profit and loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees.

In addition to adopting the accounting standard in the current year the group is also required to restate comparative financial information to show the effect had the accounting standard been in place at those dates. Consequently, all comparatives in the financial information are stated after the adjustments required by the new accounting standard have been made.

(k) *Share based payments*

For equity-settled share-based payment transactions the group, in accordance with FRS20 (effective from 1 January 2006) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

2. Analysis of continuing and acquired operations

	2007	2007	2007	2006	2006	2006
	Continuing	Acquisitions	Total	Continuing	Acquisitions	Total
	operations			operations		
	£000	£000	£000	£000	£000	£000
Turnover	3,288	—	3,288	3,175	8	3,183
Cost of sales	(2,020)	—	(2,020)	(1,806)	(5)	(1,811)
Gross profit	1,268	—	1,268	1,369	3	1,372
Distribution costs	(482)	—	(482)	(549)	—	(549)
Administrative expenses	(899)	—	(899)	(1,230)	—	(1,230)
Operating loss	(113)	—	(113)	(410)	3	(407)

3. Turnover

The turnover is 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 £604,000 (2006: loss £1,192,000, as restated). This loss is stated after an exceptional provision against a balance owed by a subsidiary undertaking of £746,000 (2006: £975,000), a provision against subsidiary loans of £26,000 (2006: £150,000) and impairment of goodwill of £nil (2006: £61,000).

5. Interest payable

	2007	2006
	£000	£000
Finance lease interest	10	6
Bank loans and overdrafts	19	14
	<u>29</u>	<u>20</u>

6. (Loss)/profit on ordinary activities before taxation

	2007	2006
	£000	£000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit	19	16
Depreciation		
Owned assets	91	120
Under finance arrangements	22	17
Property rentals payable under operating leases	96	98
Amortisation/impairment of goodwill	29	163
Amortisation of branding costs	9	8
	<u>196</u>	<u>222</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

7. Directors and employees

	2007 <i>Number</i>	2006 <i>Number</i>
Production	10	14
Sales and distribution	12	13
Administration	6	5
	<u>28</u>	<u>32</u>

The aggregate payroll costs were as follows:

	2007 <i>£000</i>	2006 <i>£000</i>
Wages and salaries	698	816
Social security costs	65	67
	<u>763</u>	<u>883</u>

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 9, 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 approximately £2,422,682 (2006: £2,064,037) available for set off against future trading profits of the same trade subject to Inland Revenue agreement.

9. Loss per share

Loss per share for the year ended 30 April 2007 is calculated on the consolidated loss on ordinary activities after tax of £143,000, divided by 23,790,914, this being the weighted average number of ordinary shares in issue during the year. The earnings per share for the year ended 30 April 2006 has been restated to reflect the prior year adjustment (see note 11) and is calculated on the restated consolidated loss on ordinary activities after tax of £440,000 divided by 21,109,161 being the weighted average number of shares in issue during the year.

10. Equity settled share based payments

The measurement requirements of FRS 20 have been implemented in respect of share-options that were granted after 7 November 2002. The expense recognised for share based payments made during the year is shown in the following table:

	Group		Company	
	2007 <i>£000</i>	2006 <i>£000</i>	2007 <i>£000</i>	2006 <i>£000</i>
Total expense arising from equity settled share based payments	<u>3</u>	<u>6</u>	<u>3</u>	<u>6</u>
	<u>3</u>	<u>6</u>	<u>3</u>	<u>6</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

10. Equity settled share based payments (continued)

The share-based payment plan is described below. There have been no cancellations or modifications to this plan during 2007 or 2006.

Coburg Group Plc Executive Share Option Scheme

In accordance with the Executive Share Option Scheme, approved and unapproved share options are granted to certain full time directors and employees.

The exercise price of the options is set at a level higher than the market price of the shares at the date of grant. The options vest over three years from the date of grant. If the option holder ceases to be a director or employee of the company due to injury, disability, redundancy or retirement on reaching pensionable age or any other age at which he is bound to retire in accordance with the terms of his contract of employment, the option may be exercised to the extent that it vests within 40 days of such cessation within a period of six months after the option holders so ceasing, although the Board may at its discretion. If the option holder ceases employment for any other reason, any vested options may not be exercised, unless the Board permits.

The approved and unapproved options will be forfeited where they remain unexercised, at the end of their respective contractual lives of ten and seven years.

The fair value of share options granted is estimated at the date of grant using a trinomial pricing model, taking into account all the terms and conditions upon which the options were granted.

Movements in Issued Share Options during the Year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

	2007		2006	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	1,500,000	11.25p	—	11.25p
Granted during the year	—	11.25p	1,500,000	11.25p
Forfeited/cancelled during the year	(35,000)	11.25p	—	11.25p
Exercised during the year	—	11.25p	—	11.25p
Outstanding at the end of the year	1,465,000	11.25p	1,500,000	11.25p
Exercisable at the end of the year	732,500	11.25p	375,000	11.25p

The options outstanding at 30 April 2007 had a weighted average share price of 11.25p, and a weighted average remaining contractual life of 8.5 years.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

10. Equity settled share based payments (continued)

Inputs to the trinomial Valuation Model

The fair value of share options granted is estimated at the time of grant using a trinomial pricing model, taking into account all the terms and conditions upon which the options were granted.

The following table lists the inputs to the trinomial model in 2007:

Expected dividend yield	£0.00
Expected volatility	30.3%
Contractual life of the options	3,650 days
Weighted average risk free interest rate	4.5%
Weighted average fair value	£1.18

The expected volatility was estimated by reference to the historical volatility of the company's share price.

The risk free rate of return is estimated in accordance with the Bank of England Base Rate as at 6 October 2005.

11. Prior year adjustment

The prior year adjustment made as a result of the changes in accounting policies which is reported in the Statement of Total Recognised Gains and Losses and adjusted to opening reserves in note 20 is analysed as follows:

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Share based payments accounted for under FRS 20	<u>3</u>	<u>6</u>	<u>3</u>	<u>6</u>
	<u>3</u>	<u>6</u>	<u>3</u>	<u>6</u>

The effect of these changes in the accounting policies is to decrease the current years retained profit as set out below:

	Group £000	Company £000
Share based payments accounted for under FRS 20	<u>(3)</u>	<u>(3)</u>
	<u>(3)</u>	<u>(3)</u>

The effect of these changes in the accounting policies on the comparative profit and loss account is set out below:

	Group £000	Company £000
Share based payments accounted for under FRS 20	<u>(6)</u>	<u>(6)</u>
	<u>(6)</u>	<u>(6)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

12. 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 2006	89	165	1,034	421	35	1,744
Additions	—	49	55	4	10	118
Disposals	(7)	—	—	(2)	(11)	(20)
At 30 April 2007	82	214	1,089	423	34	1,842
Depreciation						
At 1 May 2006	55	95	709	350	27	1,236
Charge for the year	4	38	32	33	6	113
Applied to disposals	(6)	—	—	(3)	(10)	(19)
At 30 April 2007	53	133	741	380	23	1,330
Net book value						
At 30 April 2007	29	81	348	43	11	512
At 30 April 2006	34	70	325	71	8	508

The net book value of motor vehicles includes an amount of £2,000 (2006: £5,000) 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 £195,000 (2006: £139,000). Included in fixtures and fittings are assets held under finance leases or hire purchase contracts with a net book value of £16,000 (2006: £22,000).

(b) Intangible assets

	Product Branding £000	Goodwill £000	Total £000
Group			
Cost			
At 1 May 2006	42	1,465	1,507
Additions	—	17	17
At 30 April 2007	42	1,482	1,524
Amortisation			
At 1 May 2006	12	1,284	1,296
Provision for the year	9	29	38
At 30 April 2007	21	1,313	1,334
Net book value at 30 April 2007	21	169	190
Net book value at 30 April 2006	30	181	211

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

12. Fixed assets (continued)

(b) Intangible assets (continued)

	Goodwill £000
Company	
Cost	
At 1 May 2006	222
At 30 April 2007	222
Amortisation	
At 1 May 2006	125
Charge for the year	13
At 30 April 2007	138
Net book value	
At 30 April 2007	84
At 30 April 2006	97

(c) Fixed asset investments

	Shares in Group undertakings £000	Shares in listed companies £000	Total £000
Company			
Cost			
At 1 May 2006	4,239	—	4,239
At 30 April 2007	4,239	—	4,239
Provision for impairment in value			
At 1 May 2006	4,188	—	4,188
At 30 April 2007	4,188	—	4,188
Net book value at 30 April 2007	51	—	51
Net book value at 30 April 2006	51	—	51

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

12. 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%

13. Stocks

	Group	
	2007 £000	2006 £000
Raw materials and consumables	106	80
Work in progress	22	14
Finished goods and goods for resale	133	139
	<u>261</u>	<u>233</u>

14. Debtors

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Trade debtors	305	465	—	—
Amounts owed by subsidiary undertakings	—	—	77	1,462
Other debtors	65	91	12	17
Prepayments and accrued income	41	44	4	4
	<u>411</u>	<u>600</u>	<u>93</u>	<u>1,483</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

15. Creditors: amounts falling due within one year

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Bank loans and overdraft (note 18)	92	179	102	221
Net obligations under finance lease and hire purchase contracts (note 18)	43	41	—	—
Trade creditors	370	377	28	36
Amounts owed to subsidiary undertakings	—	—	—	737
Other taxation and social security	17	20	—	—
Other creditors	27	32	—	—
Accruals and deferred income	68	105	16	29
	<u>617</u>	<u>754</u>	<u>146</u>	<u>1,023</u>

Bank loans and overdrafts of £92,000 (2006: £179,000) 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.

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

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Other creditors	105	104	—	—
Bank loans and overdraft (note 18)	75	—	75	—
Net obligations under finance lease and hire purchase contracts (note 18)	50	27	—	—
	<u>230</u>	<u>131</u>	<u>75</u>	<u>—</u>

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 four years and is secured by a fixed and floating charge over the assets of the group.

17. 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. The group also invested heavily in plant & machinery during the year and this was funded by a fixed rate hire purchase of £68,000. At the year end £135,000 (2006: £220,000) of the group's borrowings were due to mature within one year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

Foreign currency risk

The majority of goods purchased by the group originate from overseas, however most are purchased in sterling through UK intermediaries.

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 2007 were as follows:

	April 2007 Floating rate financial liabilities £000	April 2007 Fixed rate financial liabilities £000	April 2006 Floating rate financial liabilities £000	April 2006 Fixed rate financial liabilities £000
Bank loans and overdraft	72	95	179	—
Hire purchase	—	93	—	68
Total	<u>72</u>	<u>188</u>	<u>179</u>	<u>68</u>

The bank loans and overdraft at 30 April 2007 carried average interest rates of 8% and the hire purchase liabilities 4% to 10%.

(b) Borrowing facilities

At 30 April 2007 the group had £102,000 bank borrowing facilities that expires within one year. 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

18. Borrowings

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Bank loans and overdrafts: Due within one year	<u>93</u>	<u>179</u>	<u>102</u>	<u>221</u>
Bank loans and overdrafts: Due in more than one year	<u>75</u>	<u>—</u>	<u>75</u>	<u>—</u>
Net obligations under finance lease and hire purchase contracts:				
Due within one year	<u>47</u>	<u>46</u>	<u>—</u>	<u>—</u>
Due between one and two years	<u>55</u>	<u>27</u>	<u>—</u>	<u>—</u>
	<u>102</u>	<u>73</u>	<u>—</u>	<u>—</u>
Finance charges allocated to future periods	<u>(9)</u>	<u>(5)</u>	<u>—</u>	<u>—</u>
	<u>93</u>	<u>68</u>	<u>—</u>	<u>—</u>
Total borrowings	<u>261</u>	<u>247</u>	<u>177</u>	<u>221</u>

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.

19. Called up share capital

	2007 £000	2006 £000
Authorised: 51,169,137 ordinary shares of 5p each	<u>2,558</u>	<u>2,558</u>
Allotted capital called up and fully paid: 23,790,914 (2006: 23,790,914) ordinary shares of 5p each	<u>1,190</u>	<u>1,190</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

20. Reserves

	Share premium account £000	Merger relief reserve £000	Share option reserve £000	Profit and loss account £000
Group				
At 1 May 2006 as previously stated	418	428	—	(1,379)
Prior year adjustment	—	—	6	(6)
At 1 May 2006 as restated	418	428	6	(1,385)
Increase in share option reserve	—	—	3	—
Retained loss for the year	—	—	—	(142)
At 30 April 2007	418	428	9	(1,527)
Company				
At 1 May 2006 as previously stated	418	428	—	(1,428)
Prior year adjustment	—	—	6	(6)
At 1 May 2006 as restated	418	428	6	(1,434)
Increase in share option reserve	—	—	3	—
Retained loss for the year	—	—	—	(604)
At 30 April 2007	418	428	9	(2,038)

21. Reconciliation of movements in shareholders' funds

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Loss for the financial year	(142)	(440)	(604)	(1,192)
Issue of ordinary shares	—	432	—	432
Increase in share option reserve	3	6	3	6
Net decrease in shareholders' funds	(139)	(2)	(601)	(754)
Opening shareholders' funds	657	659	608	1,362
Closing shareholders' funds	518	657	7	608

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

22. Commitments

At 30 April 2007 the group was committed to making the following payments during the next year under non-cancellable operating leases in subsequent years

	Land and building	
	2007	2006
	£000	£000
On leases expiring:		
Within one year	—	88
Within two to five years	95	8
	<u>95</u>	<u>96</u>

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

	2007	2006
	£000	£000
		<i>as restated</i>
Operating loss	(113)	(407)
Depreciation	113	139
Loss on disposal of fixed assets	1	—
Amortisation and impairment of goodwill	38	171
(Increase) in stocks	(28)	(40)
Decrease/(Increase) in debtors	189	(49)
(Decrease) in creditors	(52)	(258)
Share based payments accounted for under FRS 20	3	6
Net cash inflow/(outflow) from operating activities	<u>151</u>	<u>(438)</u>

24. Analysis of net funds

	At 1 May 2006 £000	Cash Flow £000	Other non cash changes £000	At 30 April 2007 £000
Bank overdrafts	(179)	107	—	(72)
Bank loans	—	(95)	—	(95)
Net obligations under finance leases and hire purchase agreements	(68)	(25)	—	(93)
	<u>(247)</u>	<u>(13)</u>	<u>—</u>	<u>(260)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2007

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

	2007 £000	2006 £000
Increase in cash in the period	107	(111)
Cash outflow from movement in debt and lease financing	(95)	58
Change in net debt resulting from cash flows	12	(53)
New finance lease and hire purchase obligations	(25)	—
Movement in net debt in the period	(13)	(53)
Opening net debt	(247)	(194)
Closing net debt	(260)	(247)

26. Contingent Liability

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

27. Control

The day to day administration and financial supervision of the group is the responsibility of the directors as set out on page 2 of the financial statements.

28. Post Balance Sheet Event

On 1 October 2007 Coburg Group PLC acquired the 22% minority holding in CK Coffee Ltd for £8,000.

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 pages 33 and 34. 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 10:00a.m. on 26 November 2007 at which the following resolutions will be proposed:

Ordinary Business

1. To receive the company's annual accounts and financial statements for the year ended 30 April 2007 together with the last directors' report, the last directors' remuneration report and the auditors' report on those accounts.
2. To re-appoint Alistair Summers as a director who retires by rotation.
3. 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:

4. To approve the directors' remuneration report for the financial year ended 30 April 2007.
5. 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.

Notice of Annual General Meeting

(REGISTERED IN ENGLAND NO. 2956279)

SPECIAL RESOLUTION

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

6. 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.

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

By order of the Board
C Birkle
Managing Director
19 October 2007

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, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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 26 November 2007 at 10.00 am.

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 26 November 2007 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 2007 together with the reports of the directors and auditors thereon.			
2. To re-appoint the following director who retires by rotation: Alistair Summers.			
3. To re-appoint FW Stephens Chartered Accountants 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			
4. To approve the directors' remuneration report for the financial year ended 30 April 2007.			
ORDINARY RESOLUTION			
5. 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 2007 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 officer 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. Alternatively it and the relevant documents may be delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time of the meeting.
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 seniority 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 entitled to attend and vote at the meeting if they are registered in the Company's register of members by 5 p.m. on Saturday 24 November 2007 or any adjournment thereof.



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Second Fold

BUSINESS REPLY SERVICE
Licence No MB122



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

Third Fold

First Fold

