COBURG GROUP

COBURG GROUP PLC

Report of the Directors and Financial Statements

for the year ended 30th April 2008

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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. (Age 43).

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 42).

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 64).

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 (Age 67).

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 (Age 63).

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

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Cargil Management Services Ltd
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London NW1 2BW

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Registered number
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Auditors
FW Stephens
Third Floor
24 Chiswell Street
London EC1Y 4YX

Banker
Barclays Bank Plc
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Grant Thornton Corporate Finance
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Registrar
Capita Registrars
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Huddersfield
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Brokers
Merchant Capital Ltd
7th Floor, Aldermary House
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London EC4N 1TX

Chairman's Statement

Overview

The Group showed a substantial improvement in its performance in the first six months, halving its losses to £62,000 and moving towards profitability, but huge increases in the price of raw coffee together with rises in fuel and other auxiliaries wiped out these gains and the outcome for the year was one similar to the loss in the previous year.

In response to these unusual conditions your Board took further measures at the year end to rationalise the business and cut costs. The interim figures to October 2008 are likely to show a loss slightly in excess of last year as a result of some one-off costs but I expect the improvements from these changes to flow through in the second half of this financial year.

Coburg is now an extremely efficient roaster of high quality coffee. I believe that its strengths mean the business will benefit from consolidation in the market and therefore the Board continues to look at a number of acquisition and co-operation opportunities that may or may not come to completion in the near future.

It had been my intention to leave the Group once I had completed the reconstruction I set out to do when I first joined. Having headed the business when we decided to upgrade and rationalise the Group's factory at Woolwich including installing a new roaster, successfully integrated the acquisitions of Ashby's, Rizzi, Aroma Coffee and the final buy-out of our partner in CK Coffee and overseen the rapid growth in our own label business I feel now is the right time to leave.

I have decided to resign from the Chairmanship and the Board with immediate effect and I am delighted that Konrad Legg, the Group's largest shareholder, has agreed to take over the running of the Group. Konrad has proposed that Jeremy Maynard, a previous Director of the Group, be appointed a Non-Executive Director prior to the forthcoming AGM where a resolution approving his appointment will be put to shareholders.

My fellow Directors, Rory Forrester and Robin Hendy, who came with me to help in the reconstruction, are resigning at the same time. I am grateful to them for their help and support throughout the period we have worked at Coburg.

I would like to thank all the staff that I have worked with at the Group. It is they that are the key to the business and they that continue to put in so much effort into making it successful.

ALISTAIR SUMMERS
Chairman

27 October 2008

Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2008.

Principal activity

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

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

Review of business

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

Dividends

No dividends will be distributed for the year ended 30 April 2008.

Directors

The directors shown below have held office during the whole of the period from 1 May 2007 to the date of this report.

K P Legg
A G Summers
C W Birkle
R Forrester
R Hendy

Group's policy on payment of creditors

The group's policy is to agree terms of payment at the start of business with all suppliers, to abide by these terms and to pay in accordance with its contractual and other legal obligations. At 30 April 2008 there were 76 (2007: 33) creditor days outstanding.

Employees

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

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

Transition to IFRS

The October 2007 interim statements were the first set of results published by Coburg Group Plc, and the April 2008 financial statements are the first set of accounts and notes published by Coburg Group Plc under IFRS. The results for the year ended 30 April 2007 have been extracted and adjusted for the effects of changes in accounting policies on the transition to IFRS. These adjustments are set out in detail in note 28.

Report of the Directors

Substantial shareholdings

As at 31 August 2008, 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	5,255,000	22.09%
A G Summers	4,425,000	18.60%
Pershing Nominees Ltd	2,037,500	8.56%
Westcombe Investments Ltd	1,777,500	7.47%
J M Finn Nominees Ltd	1,502,540	6.32%
R C McGuire	882,500	3.71%

Included in the above number of shares are 2,900,000 shares (12.19%) 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.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;
– make judgements and estimates that are reasonable and prudent;
– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Auditors

The auditors, FW Stephens, will be proposed for reappointment in accordance with the Companies Act 2006.

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 each director has taken all the steps that he ought to have taken as a director in order to:

– make himself aware of any relevant audit information; and
– to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD

....

A G Summers – Director

Date: 27 October 2008

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.

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 were members of the audit committee, two of whom comprised 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 to 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 5.

(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 2008 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 director. 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:

(a) to ensure that individual rewards and incentives are directly aligned with the performance of the group and the interests of the shareholders; and

(b) to maintain a competitive programme which enables the group to attract and retain high calibre executives.

Directors' emoluments

	30 April 2008		30 April 2007	
	Salaries & fees	**Total emoluments**	Salary & fees	Total emoluments
	£	**£**	£	£
C W Birkle	**78,750**	**78,750**	79,333	79,333
D R Forrester	**5,000**	**5,000**	3,333	3,333
R Hendy	**5,000**	**5,000**	3,333	3,333
A V Higgins	—	—	7,500	7,500
K P Legg	**5,000**	**5,000**	3,333	3,333
A G Summers	**17,500**	**17,500**	29,500	29,500
	111,250	**111,250**	126,332	126,332

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 2008	As at 30 April 2007
K P Legg	**5,255,000**	5,155,000
A G Summers	**4,425,000**	4,325,000
D R Forrester	**1,465,000**	1,415,000
R Hendy	**1,777,500**	1,775,500
C W Birkle	**90,000**	90,000

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

All of the 7.47% shareholding held by R Hendy is 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 2008	As at 30 April 2007
C W Birkle	**350,000 at 10p**	350,000 at 10p
	350,000 at 12.5p	350,000 at 12.5p

Approved by the Remuneration Committee
signed on its behalf by

D R Forrester
Chairman of Remuneration Committee

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

We have audited the group and parent financial statements of Coburg Group Plc for the year ended 30 April 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union.

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 and whether, in addition, the group financial statements have been properly prepared in accordance with Article 4 of the IAS regulations. We also report to you whether in our opinion the information given in the Chairman's Report and the Report of the Directors is consistent with the financial statements.

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

We read other information contained within the Annual Report, and consider whether it is consistent with the audited financial statements. The information comprises only the Directors' Report, the Chairman's Statement, Corporate Governance Statement, and the Report of the Remuneration Committee. 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 audit opinion

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

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

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 International Financial Reporting Standards as adopted for use in the European Union, of the state of affairs of the company and the group as at 30 April 2008 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 Article 4 of the IAS regulations; and
- the information given in the Report of the Directors is consistent with the financial statements.

FW Stephens
Chartered Accountants and
Registered Auditors

Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date: 27 October 2008

Consolidated Income Statement

FOR THE YEAR ENDED 30 APRIL 2008

	Note	**2008** **£000**	2007 £000 as restated
Continuing operations			
Revenue		**3,586**	3,288
Cost of sales		**(2,289)**	(2,020)
Gross profit		**1,297**	1,268
Distribution costs		**(494)**	(482)
Administrative expenses		**(910)**	(870)
Group operating loss		**(107)**	(84)
Loss on sale of property, plant and equipment		**(5)**	(1)
		(112)	(85)
Finance costs	*3*	**(21)**	(29)
Loss before tax	*4*	**(133)**	(114)
Tax	*5*	**—**	—
Loss for the year		**(133)**	(114)
Attributable to:			
Equity holders of the parent		**(133)**	(113)
Minority interest		**—**	(1)
		(133)	(114)
Earnings per share expressed in pence per share:	*7*		
Basic		**(0.56)**	(0.48)
Diluted		**(0.56)**	(0.48)

Statement of Total Recognised Gains and Expense

FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 £000	2007 £000 as restated
Loss for the financial year		**(133)**	(114)
(Decrease)/increase in share option reserve	*8*	**(2)**	3
Total recognised income and expense for the year		**(135)**	(111)
Attributable to:			
Equity holders of the parent		**(135)**	(111)

Consolidated Balance Sheet

AS AT 30 APRIL 2008

	Note	2008 £000	2007 £000 as restated
Assets			
Non-current assets			
Goodwill	*9*	**198**	198
Intangible assets	*10*	**12**	21
Property, plant and equipment	*11*	**465**	512
		675	731
Current assets			
Inventories	*13*	**255**	261
Trade and other receivables	*14*	**413**	411
Cash and cash equivalents	*15*	**2**	—
		670	672
Liabilities			
Current liabilities			
Trade and other payables	*16*	**640**	482
Financial liabilities – borrowings			
Bank overdrafts	*19*	**40**	92
Interest bearing loans and borrowings	*19*	**50**	43
		730	617
Net current (liabilities)/assets		**(60)**	55
Non-current liabilities			
Trade and other payables	*16*	**84**	105
Financial liabilities – borrowings			
Interest bearing loans and borrowings	*19*	**119**	125
		203	230
Net assets		**412**	556
Shareholders' Equity			
Called up share capital	*21*	**1,190**	1,190
Share premium	*22*	**418**	418
Other reserves	*22*	**435**	437
Retained earnings	*22*	**(1,631)**	(1,498)
Total equity		**412**	547
Minority interests		**—**	9
Total equity		**412**	556

The financial statements were approved by the Board of Directors on 27 October 2008 and were signed on its behalf by:

A G Summers
Director

C W Birkle
Director

Company Balance Sheet

AS AT 30 APRIL 2008

	Note	2008 £000	2007 £000 as restated
Assets			
Non-current assets			
Goodwill	*9*	**97**	97
Investments	*12*	**59**	51
		156	148
Current assets			
Trade and other receivables	*14*	**93**	93
Liabilities			
Current liabilities			
Trade and other payables	*16*	**67**	44
Financial liabilities – borrowings			
Bank overdrafts	*19*	**9**	102
		76	146
Net current (liabilities)/assets		**17**	(53)
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	*19*	**75**	75
Net assets		**98**	20
Shareholders' Equity			
Called up share capital	*21*	**1,190**	1,190
Share premium	*22*	**418**	418
Other reserves	*22*	**435**	437
Retained earnings	*22*	**(1,945)**	(2,025)
Total shareholders' equity		**98**	20
Total equity		**98**	20

The financial statements were approved by the Board of Directors on 27 October 2008 and were signed on its behalf by:

A G Summers

Director

C W Birkle

Director

Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 £000	2007 £000 as restated
Cash flows from operating activities			
Cash generated from operations	*1*	**165**	151
Interest paid		**(9)**	(18)
Interest element of hire purchase payments paid		**(12)**	(11)
Net cash from operating activities		**144**	122
Cash flows from investing activities			
Purchase of shares in subsidiary undertaking		**(9)**	(17)
Purchase of tangible fixed assets		**(48)**	(118)
Net cash from investing activities		**(57)**	(135)
Cash flows from financing activities			
Capital repayments in year		**(33)**	100
Net cash from financing activities		**(33)**	100
Increase in cash and cash equivalents		**54**	87
Cash and cash equivalents at beginning of year	*2*	**(92)**	(179)
Cash and cash equivalents at end of year	*2*	**(38)**	(92)

Notes to the Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL 2008

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

	2008 £000	2007 £000 as restated
Operating Loss	**(107)**	(84)
Depreciation and amortisation charges	**133**	122
(Decrease)/increase in share option provision	**(2)**	3
	24	41
Decrease/(increase) in inventories	**6**	(28)
(Increase)/decrease in trade and other receivables	**(2)**	190
Increase/(decrease) in trade and other payables	**137**	(52)
Cash generated from operations	**165**	151

2. Cash and cash equivalents

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

Year ended 30 April 2008

	2008 £000	2007 £000
Cash and cash equivalents	**2**	—
Bank overdrafts	**(40)**	(92)
	(38)	(92)

Year ended 30 April 2007

	2008 £000	2007 £000
Bank overdrafts	**(92)**	(179)

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all principal subsidiaries for the year ended 30 April 2008. The results of any subsidiaries acquired during the year are included in the statements from the effective date of acquisition.

Revenue recognition

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

Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment losses are recognised in the income statement.

Intangibles

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

Intangibles	25% on cost

Property, plant and equipment

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

Improvements to property	25% on cost
Plant and machinery	25% on reducing balance and at varying rates on cost
Fixtures and fittings	25% on reducing balance and 20% on cost
Motor vehicles	25% on cost and 25% on reducing balance

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 APRIL 2008

1. Accounting policies (continued)

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

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 then not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

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

Hire purchase and leasing commitments

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

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

First time application of IFRS

IFRS 1 "First time adoption of International Financial Reporting Standards" sets out the procedures that the company must follow when it adopts IFRS for the first time as the basis of preparing its financial statements.

The company has established its accounting policies as at 30 April 2008 and has applied these to determine retrospectively the IFRS opening balance sheet at its transition, 1 May 2006. This standard provides a number of optional and mandatory exemptions to this general principle. The most significant of these are set out below.

Adoption of new and revised standards

In the current year, the Group has adopted IFRS 3 "Business Combinations" in respect of goodwill amortisation. Under IFRS 3 goodwill is not amortised, but instead it is subject to an impairment test. This is a change from the accounting policy applied under UK GAAP, and application of this policy has resulted in a restatement of the previous years figures. The impact of the adoption of the new standard is an increase in profits before tax of £29,000 (2007: £29,000). As previously noted, IFRS 1 permits companies to take certain exemptions from the full requirement of IFRS in the transition period, and as such in relation to business combinations prior to 1 May 2006, the financial statements have not been restated.

1. Accounting policies (continued)

Share based payments

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

Investments

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

2. Employees and directors

	2008	2007
	£000	£000
Wages and salaries	**730**	698
Social security costs	**70**	65
	800	763

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

	2008	2007
Production	**10**	10
Sales and distribution	**13**	12
Administration	**5**	6
	28	28

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 8, and form part of these audited financial statements.

3. Net finance costs

	2008	2007
	£000	£000
Finance costs:		
Bank interest	**3**	16
Other interest payable	**6**	2
Hire purchase	**12**	11
	21	29

4. Loss before tax

	2008 **£000**	2007 £000
The loss before tax is stated after charging/(crediting):		
Cost of inventories recognised as expense	2,289	2,020
Depreciation – owned assets	108	91
Depreciation – assets on hire purchase contracts	17	22
Property rentals payable under operating leases	105	96
Loss on disposal of fixed assets	5	1
Brand amortisation	9	9
Auditors' remuneration	17	19
Foreign exchange differences	9	(2)

5. Tax

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 April 2008 nor for the year ended 30 April 2007.

As at the balance sheet date the group has trading losses of approximately £2,634,256 (2007: – £2,442,682) available for set off against future trading profits of the same trade subject to agreement by HM Revenue and Customs.

6. Profit of parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £79,538 (2007 – (£587,594) loss).

The above loss for 2007 has been restated to include the new accounting polices adopted by the company on 1 May 2006.

7. Earnings per share

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

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

Reconciliations are set out below.

	Earnings £000	**2008 Weighted average number of shares**	**Per share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	**(133)**	**23,790,914**	**(0.56)**
Effect of dilutive securities	**—**	**—**	**—**
Diluted EPS			
Adjusted earnings	**(133)**	**23,790,914**	**(0.56)**

	Earnings £000	2007 Weighted average number of shares	Per share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(114)	23,790,914	(0.48)
Effect of dilutive securities	—	—	—
Diluted EPS			
Adjusted earnings	(114)	23,790,914	(0.48)

The earnings per share for the year ended 30 April 2007 have been restated as a result of the transition to IFRS and the ensuing changes in accounting policy regarding the impairment of goodwill (see note 1).

8. Equity settled share based payments

The measurement requirements of IFRS 2 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**	
	2008 £000	2007 £000 as restated	**2008 £000**	2007 £000 as restated
Total expense arising from equity settled share based payments	**(2)**	3	**(2)**	3
	(2)	3	**(2)**	3

The share-based payment plan is described below. There have been no cancellations or modifications to this plan during 2008 or 2007.

8. Equity settled share based payments (continued)

Coburg Plc Executive Share Option Scheme

In accordance with the Executive Share Option Scheme, approved and unapproved share options are granted to full time directors and employees who devote at least 25 hours per week to the performance of duties or employment with the company.

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 three years from the date of grant and 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 within a period of six months after the option holders so ceasing, although the Board may at its discretion extend this period by up to 36 months after the date of cessation.

If the option holder ceases employment for any other reason, the option 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:

	2008		2007	
	No.	**WAEP**	No.	WAEP
Outstanding at the beginning of the year	**1,465,000**	**11.25p**	1,500,000	11.25p
Granted during the year	**—**	**11.25p**	—	11.25p
Forfeited/cancelled during the year		**11.25p**	(35,000)	11.25p
Exercised during the year	**—**	**11.25p**	—	11.25p
Outstanding at the end of the year	**1,465,000**	**11.25p**	1,465,000	11.25p
Exercisable at the end of the year	**1,465,000**	**11.25p**	732,500	10.00p

The options outstanding at 30 April 2008 had a weighted average share price of 11.25p, and a weighted average remaining contractual life of 7.5 years.

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 2008:

	2008
Expected dividend yield	**£0.00**
Expected volatility	**30.3%**
Contractual life of the options	**10 years**
Weighted average risk free interest rate	**4.5%**
Weighted average fair value	**4.49p**

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

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

9. Goodwill

Group

	£000 as restated
Cost	
At 1 May 2007	1,482
Additions	—
At 30 April 2008	1,482
Amortisation	
As previously stated	1,313
Prior year adjustment	(29)
At 1 May 2007 as restated	1,284
Impairment for the year	—
At 30 April 2008	1,284
Net book value	
At 30 April 2008	198
At 30 April 2007	198

Goodwill has been adjusted by £29,000 for the year ended 30 April 2007, being the amortisation charge for the year. In line with International Financial Standards, goodwill has not been amortised from the transition date, but instead been subject to an impairment review by the directors of the group. The directors have concluded that goodwill is not impaired.

Company

	£000 as restated
Cost	
At 1 May 2007	222
Additions	—
At 30 April 2008	222
Amortisation	
As previously stated	138
Prior year adjustment	(13)
At 1 May 2007 as restated	125
Impairment for the year	—
At 30 April 2008	125
Net book value	
At 30 April 2008	97
At 30 April 2007	97

Goodwill has been adjusted by £13,000 for the year ended 30 April 2007, being the amortisation charge for the year. In line with International Financial Standards, goodwill has not been amortised from the transition date, but instead been subject to an impairment review by the directors of the company. The directors have concluded that goodwill is not impaired.

10. Intangible assets

Group

	Brands £000
Cost	
At 1 May 2007 and 30 April 2008	42
Amortisation	
At 1 May 2007	21
Amortisation for year	9
At 30 April 2008	30
Net book value	
At 30 April 2008	12
At 30 April 2007	21

11. Property, plant and equipment

Group

	Improvements to property £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Totals £000
Cost					
At 1 May 2007	82	1,303	423	34	1,842
Additions	—	77	5	—	82
Disposals	—	(108)	(4)	—	(112)
At 30 April 2008	82	1,272	424	34	1,812
Depreciation					
At 1 May 2007	53	874	380	23	1,330
Charge for year	17	76	26	5	124
Eliminated on disposal	—	(104)	(3)	—	(107)
At 30 April 2008	70	846	403	28	1,347
Net book value					
At 30 April 2008	12	426	21	6	465
At 30 April 2007	29	429	43	11	512

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

	2008 £000	2007 £000
Group		
Plant and machinery	**213**	195
Fixtures and fittings	**—**	16
Motor vehicles	**6**	2
	219	213

12. Investments

Company

	Shares in group undertakings £000
Cost	
At 1 May 2007	4,239
Additions	8
At 30 April 2008	4,247
Provisions	
At 1 May 2007 and 30 April 2008	4,188
Net book value	
At 30 April 2008	59
At 30 April 2007	51

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

Subsidiaries

Coburg Coffee Company Limited
Nature of business: Buying, roasting, blending and selling

Class of shares:	% holding
Ordinary	100.00

CK Coffee Limited
Nature of business: Provision of on site quality coffee service

Class of shares:	% holding
Ordinary	100.00

Company

Capital Coffee Limited
Nature of business: Non trading

Class of shares:	% holding
Ordinary	100.00

G & M Rizzi Coffee Company Limited
Nature of business: Non trading

Class of shares:	% holding
Ordinary	100.00

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

13. Inventories

	Group	
	2008	2007
	£000	£000
Raw materials	**110**	106
Work-in-progress	**21**	22
Finished goods	**124**	133
	255	261

14. Trade and other receivables

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Current:				
Trade receivables	**302**	305	**—**	—
Amounts owed by group undertakings	**—**	—	**78**	77
Other receivables	**42**	52	**10**	10
VAT	**19**	13	**3**	2
Prepayments	**50**	41	**2**	4
	413	411	**93**	93

15. Cash and cash equivalents

	Group	
	2008	2007
	£000	£000
Cash in hand	**2**	—

16. Trade and other payables

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Current:				
Trade payables	**478**	370	**32**	28
Social security and other taxes	**24**	17	**—**	—
Other payables	**4**	27	**10**	—
Accrued expenses	**134**	68	**25**	16
	640	482	**67**	44
Non-current:				
Other payables	**84**	105	**—**	—
	84	105	**—**	—
Aggregate amounts	**724**	587	**67**	44

17. Financial borrowings – borrowings

Bank loans and overdrafts of £115,000 (2007: £167,000) are secured by a fixed and floating charge over the assets of the Group.

18. Leasing agreements

Group

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

	2008 £000	2007 £000
Net obligations repayable:		
Within one year	**50**	43
Between one and five years	**44**	50
	94	93

19. Financial instruments

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

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 £34,000. At the year end £90,000 (2007: £135,000) 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.

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

(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 2008 were as follows:

	April 2008 Floating rate financial liabilities £000	**April 2008 Fixed rate financial liabilities £000**	April 2007 Floating rate financial liabilities £000	April 2007 Fixed rate financial liabilities £000
Bank loans and overdraft	**40**	**75**	72	95
Hire purchase	**—**	**94**	—	93
Total	**40**	**169**	72	188

The bank loans and overdraft at 30 April 2008 carried average interest rates of 8% and the hire purchase liabilities 4% to 10%.

19. Financial instruments (continued)

(b) Borrowing facilities

At 30 April 2008 the group had £115,000 (2007: £102,000) bank borrowing facilities that expires within a year in addition to the liabilities under hire purchase contracts in existence.

(c) Fair value of financial assets and liabilities

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

(d) Maturity profile

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Bank loans and overdrafts:				
Due within one year	**40**	92	**9**	102
Bank loans and overdrafts:				
Due in more than one year	**75**	75	**75**	75
Net obligations under finance leases and hire purchase contracts:				
Due within one year	**50**	43	**—**	—
Net obligations under finance leases and hire purchase contracts:				
Due between one and two years	**19**	—	**—**	—
Due between two and five years	**25**	50	**—**	—
	44	50	**—**	—
Total borrowings	**209**	260	**84**	177

20. Operating lease commitments

	Land and building	
	2008	2007
	£000	£000
On leases expiring:		
Within two to five years	**95**	95

21. Called up share capital

Authorised:

Number	Class	Nominal value	**2008 £000**	2007 £000
51,169,137	ordinary	£0.05	**2,558**	2,558

Allotted, issued and fully paid:

Number	Class	Nominal value	**2008 £000**	2007 £000
23,790,914	ordinary	£0.05	1,190	1,190

22. Reserves

	Retained earnings £000	Share premium £000	Other reserves £000	Totals £000
Group				
At 1 May 2007 as restated per note 28	(1,498)	418	437	(643)
Deficit for the year	(133)			(133)
Decrease in share option reserve	—	—	(2)	(2)
At 30 April 2008	(1,631)	418	435	(778)

	Retained earnings £000	Share premium £000	Other reserves £000	Totals £000
Company				
At May 2007 as restated	(2,025)	418	437	(1,170)
Profit for the year	80			80
Decrease in share option reserve	—	—	(2)	(2)
At 30 April 2008	(1,945)	418	435	(1,092)

23. Contingent liabilities

The company has entered into cross guarantees with the bankers of the Coburg Coffee Company Limited for all bank borrowing in the group. As at the balance sheet date the maximum exposure the group is subject to is £175,000 of which £105,500 has been utilised.

24. Control

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

25. Reconciliation of movements in shareholders' funds

	2008 **£000**	2007 £000 as restated
Group		
Loss for the financial year	**(133)**	(113)
Decrease in share option reserve	**(2)**	3
Net reduction of shareholders' funds	**(135)**	(110)
Opening shareholders' funds	**547**	657
Closing shareholders' funds	**412**	547

Company

	2008 **£000**	2007 £000 as restated
Profit/(Loss) for the financial year	80	(588)
Decrease in share option reserve	(2)	-
Net addition/(reduction) to shareholders' funds	78	(588)
Opening shareholders' funds	20	608
Closing shareholders' funds	98	20

26. Post balance sheet events

As at the year end there were no post balance sheet events to report.

27. Related party transactions

During the year the company received management fees from the subsidiaries noted below. These fees are with regard to the provision of administration services and infrastructure, aiding each of the subsidiaries operations and have duly been eliminated in consolidation.

Coburg Coffee Company Limited	£356,000
CK Coffee Company Limited	£4,000

As at the year end each of the above company were wholly owned by Coburg Group Plc.

28. IFRS adjustments

The key differences between UK GAAP and IFRS that impact the group are set out below:

	UK GAAP as at 30 April 2007 £000	Conversion adjustments 2008 £000	IFRS as at 30 April 2007 £000
Consolidated income statement			
Revenue	3,288	—	3,288
Cost of Sales	(2,020)	—	(2,020)
Gross profit	1,268	—	1,268
Distribution costs	(482)	—	(482)
Administrative costs	(899)	29	(870)
Group operating loss	(113)	29	(84)
Loss on sale of fixed assets	(1)	—	(1)
	(114)	29	(85)
Finance costs	(29)	—	(29)
Loss before tax	(143)	29	(114)
Tax	—	—	—
Loss after tax	(143)	29	(114)
Minority interest	1	—	1
Transfer to reserves	**(142)**	**29**	**(113)**

28. IFRS adjustments (continued)

	UK GAAP as at 30 April 2007 £000	Conversion adjustments 2008 £000	IFRS as at 30 April 2007 £000
Consolidated balance sheet			
Assets			
Non current assets			
Goodwill	169	29	198
Intangible	21	—	21
Property, plant and equipment	512	—	512
	702	29	731
Current assets			
Inventories	261	—	261
Trade and other receivables	411	—	411
	672	—	672
Liabilities			
Current liabilities			
Trade and other payables	(525)	43	(482)
Financial liabilities	(92)	(43)	(135)
	(617)	—	(617)
Net current assets	55	—	55
Non current liabilities			
Trade and other payables	(155)	50	(105)
Financial liabilities	(75)	(50)	(125)
	(230)	—	(230)
Net assets	**527**	**29**	**556**
Shareholders equity			
Called up share capital	1,190	—	1,190
Share premium	418	—	418
Other reserves	437	—	437
Retained earnings	(1,527)	29	(1,498)
Minority interest	9	—	9
Total equity	**527**	**29**	**556**

28. IFRS adjustments (continued)

	UK GAAP as at 30 April 2007 £000	Conversion adjustments 2008 £000	IFRS as at 30 April 2007 £000
Consolidated cash flow statement			
Reconciliation of loss before tax to change in cash generated from operations (note 1)			
Group operating loss	(113)	29	(84)
Depreciation charges	113	—	113
Loss on disposal of property, plant and equipment	1	—	1
Amortisation and impairment of intangibles	38	(29)	9
	39	—	39
(Increase)/decrease in inventories	(28)	—	(28)
(Increase)/decrease in trade and other receivables	189	—	189
Increase/(decrease) in trade and other payables	(52)	—	(52)
Share based payments accounted for under FRS 20/IFRS 2	3	—	3
Cash generated from operations	**151**	—	**151**

Notice of AGM

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 35. 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 10.00 a.m. on 9 December 2008 at which the following resolutions will be proposed:

Ordinary Business

1. To receive the company's annual accounts for the financial statements for the year ended 30 April 2008 together with the last directors' report, the last directors' remuneration report and the auditors' report on those accounts.
2. To re-appoint Christopher Birkle as a director who retires by rotation.
3. To approve the appointment of Jeremy Maynard who has been appointed as a Director since the last AGM.
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 2008.
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 551 of the Companies Act 2006 ("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 RESOLUTION

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

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 551 of the Act to allot equity securities (within the meaning of Section 560 of the Act) pursuant to the authority conferred by the above resolution as if Section 561 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
27 October 2008

Notes:

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the AGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder and returned in the same envelope. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. All Proxy Forms must be signed and, to be effective, must be lodged with Capita Registrars, (PROXIES), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 3) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
3. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita (ID RA10) not later than 48 hours before the time fixed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. As at 27 October 2008, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 23,790,914 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 27 October 2008 are 23,790,914.
5. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
6. In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6:00pm on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6.00 p.m. on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.

Proxy Form

FOR THE YEAR ENDED 30 APRIL 2008

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 9 December 2008.

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 9 December 2008 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 2008 together with the reports of the directors and auditors thereon.			
2. To re-appoint the following director who retires by rotation: Christopher Birkle.			
3. To approve the appointment of Jeremy Maynard who has been appointed as a director since the last AGM.			
4. 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			
5. To approve the directors' remuneration report for the financial year ended 30 April 2008.			
ORDINARY RESOLUTION			
6. Pursuant to S551 Companies Act 2006 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 S561 Companies Act 2006 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 .... 2008 Signature(s) ....

Notes:

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

First Fold

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BUSINESS REPLY SERVICE
Licence No MB122

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

Third Fold

First Fold

28 October 2008

Dear Shareholder

Important information regarding communications with shareholders

During January 2007, new provisions within the Companies Act 2006 came into force regarding the ways that a company is permitted to communicate with its shareholders. At the Company's Annual General Meeting held on 5 December 2006, shareholders passed a resolution to allow the company to use its website to publish statutory documents and communications to shareholder, such as the Annual Report and Accounts, as its default method of publication.

Therefore, in future, AGM Notices of Meetings, Annual Report & Accounts etc, will be published on the Company website at www.coburg-group.com. Reducing the number of communications sent by post will not only result in cost savings to the company but also reduce the impact that the unnecessary printing and distribution of reports has on the environment.

In addition to passing this resolution to sanction this website publication, company law requires that shareholders are asked individually to consent to this method of publication; this is the purpose of this letter.

Please note that if you consent to website publication, you will continue to be notified each time that Coburg Group Plc places a statutory communication on this website. This notification will be sent to you **by post**.

Actions to be taken in response to this letter

If you wish to consent to website publication, you do not need to take any action in response to this letter.

If you wish to continue to receive hard copies of these communications, you must return the reply slip attached to the bottom of this letter to our Registrars. If you do not return this slip within 28 days from the date of this letter, we will assume that you have consented to website publication of these documents and you will no longer receive hard copies in the post.

Finally, may I take this opportunity to remind you of the services that are available to shareholders via the Company's website, these include, access to your shareholding and dividend history and the ability to amend your dividend mandate details and address online.

Yours sincerely,

Coburg Group Plc

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Coburg Group Plc

Please complete below:

1. Postal Notifications: If you would like to receive notifications via post then you need take no further action.

2. If you would prefer to continue receiving all documents in paper form rather than via a website please complete the details below:

Name:	
Investor Code*:	
Address:	
Signed/Date:	

(* available on your share certificate)

Return to: FREEPOST RLYX-GZTU-KRRG
Capita Registrars
Shareholder Administration Support
34 Beckenham Road
Beckenham
Kent BR3 9ZA