# COBURG GROUP PLC
# (the 'Company')

## Unaudited Interim Results for the Six Months Ended 31 October 2009

## Chairman's Statement

Sales recorded an increase from £1,719,000 to £1,964,000 during the first six months in what continued to be a challenging period. Much of the sales growth came from advances in own label coffee supply and there was a small delay in some price rises feeding through so that margins were down 2.8% on last year. Caffe Nero traded at its full volume level during the six months although, as previously communicated, this will reduce to zero by the end of the second half of the year. Our reorganisation of overheads has fed through to our results and we are delighted to report profit for the half year of £60,000, being £109,000 ahead of the first six months the previous year.

We continue to be cautious about future prospects generally due to the economy but are pleased with the level of new business opportunities we are pursuing as we are able to offer increased flexibility to our customers with the managed departure of Caffe Nero from the business. Overhead reductions have been necessary and these have all been successfully implemented. As part of these changes, we have had to say goodbye to some long-standing members of staff and we would like to thank them for all their hard work over many years.

Although the loss of Caffe Nero is likely to have an adverse effect on profitability in the short term, the Board remains confident of the medium and long term prospects for the business. We are encouraged by the rate of development of sales from existing customers and the level of interest from a number of potential new customers with whom we are in discussions. We have begun a programme to strengthen and accelerate our new business development activities which we believe will start to produce results in the new year.

The directors are also continuing to consider additional measures to improve profitability.

Konrad Legg
CHAIRMAN

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## PERIOD ENDED 31 OCTOBER 2009

| | Six months to 31 October 2009 (Unaudited) £'000 | Six months to 31 October 2008 (Unaudited) £'000 |
|---|---|---|
| Revenue | 1,964 | 1,719 |
| Cost of sales | (1,347) | (1,130) |
| Gross profit | 617 | 589 |
| Distribution costs | 137 | 170 |
| Administration expenses | 412 | 445 |
| Group Operating Profit | 68 | (26) |
| Interest payable and similar charges | (8) | (23) |
| Profit/(Loss) before tax | 60 | (49) |
| Income tax expense | - | - |
| Profit/(Loss) for the financial period | 60 | (49) |
| Other comprehensive income: | - | - |
| Total comprehensive income for the period | 60 | (49) |
| Basic profit / (loss) per share | 0.25p | (0.21)p |
| Diluted profit / (loss) per share | 0.25p | (0.21)p |

# CONSOLIDATED BALANCE SHEET
# PERIOD ENDED 31 OCTOBER 2009

| | 31 October 2009 (Unaudited) £'000 | 31 October 2008 (Unaudited) £'000 | 30 April 2009 (Audited) £'000 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 198 | 198 | 198 |
| Intangible Assets | - | 6 | - |
| Property, plant and equipment | 330 | 412 | 358 |
| | 528 | 616 | 556 |
| Current assets | | | |
| Inventories | 190 | 247 | 211 |
| Trade and other receivables | 498 | 470 | 446 |
| Cash and cash equivalents | 4 | - | 2 |
| | 692 | 717 | 659 |
| TOTAL ASSETS | 1,220 | 1,333 | 1,215 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 742 | 681 | 741 |
| Financial liabilities - borrowings | | | |
| Short term borrowings | 45 | 70 | 70 |
| Interest bearing loans and borrowings | 44 | - | 96 |
| | 831 | 751 | 907 |
| Non-current liabilities | | | |
| Trade and other payables | - | 71 | 6 |
| Financial liabilities - borrowings | | | |
| Interest bearing loans and borrowings | 49 | 148 | 22 |
| | 49 | 219 | 28 |
| Total liabilities | 880 | 970 | 935 |
| Net assets | 340 | 363 | 280 |
| EQUITY | | | |
| Called up equity share capital | 1,190 | 1,190 | 1,190 |
| Share premium account | 418 | 418 | 418 |
| Other reserves | 428 | 435 | 426 |
| Retained earnings | (1,696) | (1,680) | (1,754) |
| Total Equity | 340 | 363 | 280 |

## CONSOLIDATED STATEMENT OF CASHFLOWS
## PERIOD ENDED 31 OCTOBER 2009

| | Six months to 31 October 2009 (Unaudited) £'000 | Six months to 31 October 2008 (Unaudited) £'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Operating profit/ (loss) | 68 | (26) |
| | | |
| Adjustments for: | | |
| Depreciation | 38 | 49 |
| Amortisation | - | 6 |
| Profit on disposal of property, plant and equipment | (3) | - |
| Increase in trade and other receivables | (52) | (58) |
| Increase/(Decrease) in trade and other payables | (6) | 35 |
| Decrease in inventories | 21 | 8 |
| | | |
| Cash generated from operations | 66 | 14 |
| | | |
| Interest paid | (8) | (23) |
| | | |
| Net cash from operating activities | 58 | (9) |
| | | |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (10) | (5) |
| Sale of property, plant and equipment | 3 | - |
| | | |
| Net cash used in investing activities | (7) | (5) |
| | | |
| Cash flows from financing activities | | |
| New borrowings | - | 16 |
| Repayment of loans | (14) | - |
| (Payments)/Proceeds of finance lease liabilities | (10) | (32) |
| | | |
| Net cash used in financing activities | (24) | (16) |
| | | |
| Net increase in cash and cash equivalents | 27 | (30) |
| | | |
| Cash and cash equivalents at beginning of period | (68) | (38) |
| | | |
| Cash and cash equivalents at end of period | (41) | (68) |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## PERIOD ENDED 31 OCTOBER 2009

| | Share capital £'000 | Share premium £'000 | Other reserves £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| Balance at 1 May 2008 brought forward | 1,190 | 418 | 435 | (1,631) | 412 |
| Loss for the period | - | - | - | (49) | (49) |
| Balance at 31 October 2008 | 1,190 | 418 | 435 | (1,680) | 363 |
| | Share capital £ | Share premium £ | Other reserves £ | Retained earnings £ | Total equity £ |
| Balance at 31 October 2008 brought forward | 1,190 | 418 | 435 | (1,680) | 363 |
| Loss for the period | - | - | - | (74) | (74) |
| Share options expense | - | - | (9) | - | (9) |
| Balance at 30 April 2009 | 1,190 | 418 | 426 | (1,754) | 280 |
| Balance at 1 May 2009 brought forward | 1,190 | 418 | 426 | (1,754) | 280 |
| Profit for the period | - | - | - | 60 | 60 |
| Other reserves transfer | - | - | 2 | (2) | - |
| Balance at 31 October 2009 | 1,190 | 418 | 428 | (1,696) | 340 |

# NOTES TO THE INTERIM FINANCIAL STATEMENTS
# PERIOD ENDED 31 OCTOBER 2009

## 1 Basis of accounting

These interim financial statements for the period ended 31 October 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group financial statements of Coburg Group plc consolidate the financial statements of Coburg Coffee Company Limited and C.K. Coffee Limited.

The information presented within these interim financial statements is in compliance with IAS 34 'Interim Financial Reporting'. This requires the use of certain accounting estimates and requires that management exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the interim financial statements are disclosed below.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006 and on the same basis and using same accounting policies as used in the financial statements for the year ended 30 April 2009. The interim financial statements have not been audited.

The Company's statutory financial statements for the year ended 30 April 2009, prepared under IFRS have been filed with the Registrar of Companies. The auditors' report for the 2009 financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

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

**IFRS Standards and Interpretations issued but not yet effective**

| Title | Issued | Effective Date |
|---|---|---|
| IFRS Improvements re IFRS 5 (see detail below) | May-08 | Accounting periods beginning on or after 01/07/2009 |
| IAS 27 Consolidated and Separate Financial Statements | Jan-08 | Accounting periods beginning on or after 01/07/2009 |
| IFRS 3 Business Combinations | Jan-08 | Acquisitions in Accounting periods beginning on or after 01/07/2009 |
| IAS 39 Financial Instruments: Recognition and Measurement (Amendment) - Eligible Hedged Items | Jul-08 | Accounting periods beginning on or after 01/07/2009 |
| IFRIC 17 Distributions of Non-cash Assets to Owners | Nov-08 | Accounting periods beginning on or after 01/07/2009 |
| IFRS 1 First- time Adoption of International Financial Reporting Standards (revised) | Nov-08 | Accounting periods beginning on or after 01/07/2009 |

**IFRS Standards and Interpretations issued by IASB but not yet EU approved**

| Title | Issued | Effective Date |
|---|---|---|
| IFRIC 18 Transfers of Assets from Customers | Jan-09 | Accounting periods beginning on or after 01/07/2009 |
| Group Cash-settled Share-based Payment Transactions | June 2009 | Accounting periods beginning on or after 01/01/2010 |
| Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions | Jun-09 | Accounting periods beginning on or after 01/01/2010 |
| Amendments to IFRS 1 Additional Exemptions for First-time Adopters | Jul-09 | Accounting periods beginning on or after 01/01/2010 |
| Amendment to IAS 32 Classification of Rights Issues | Oct-09 | Accounting periods beginning on or after 01/02/2010 |
| IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments | Nov-09 | Accounting periods beginning on or after 01/07/2010 |
| IFRIC 14 (Amendment) Prepayments of a minimum funding requirement | Nov-09 | Accounting periods beginning on or after 01/01/2011 |
| Revised IAS 24 Related Party Disclosures (Issued 4 November 2009) | Nov-09 | Accounting periods beginning on or after 01/01/2011 |
| IFRS 7 Improving Disclosures about Financial Instruments | Mar-09 | Accounting periods beginning on or after 01/01/2009 |
| IFRS 9 Financial Instruments | Nov-09 | Accounting periods beginning on or after 01/01/2013 |

## 2. Critical accounting estimates

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

**Impairment of goodwill**

An impairment of goodwill has the potential to significantly impact upon the group's income for the year. In order to determine whether impairments are required the Group estimates the recoverable amount of the goodwill. This calculation is usually based on projecting future cash flows over a rolling nineteen-year period. A discount factor, based upon the Group's weighted average cost of capital is applied to obtain a current value ('value in use'). The 'fair value less costs to sell' of an asset is used if this results in an amount in excess of 'value in use'.

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

Future cash flows are discounted using a discount rate based on the Group's weighted average cost of capital, adjusted if appropriate for circumstances specific to the asset being tested. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market related risks. The Group's weighted average cost of capital is reviewed on an annual basis.

**Derivative financial instruments**

The Group has applied the requirements of IFRS 2 'Share-based payment', as amended by IFRIC Interpretation 2 - IFRS 2 Group and Treasury share transactions.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. Where services are from employees fair value is determined indirectly by reference to the fair value of the instrument granted. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital

Fair value is based upon a Trinomial Valuation model.

## 3. 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.

| | Six months to 31 October 2009 | | | Six months to 31 October 2008 | | |
|---|---|---|---|---|---|---|
| | Earnings (£000) | Weighted average no. of shares | Amount per share (pence) | Earnings (£000) | Weighted average no. of shares | Amount per share (pence) |
| Losses attributable to ordinary shareholders | 60 | 23,790,914 | 0.25 | (49) | 23,790,914 | (0.21) |
| Dilutive effect of options | - | - | - | - | - | - |
| Diluted losses per share | 60 | 23,790,914 | 0.25 | (49) | 23,790,914 | (0.21) |

All share options were cancelled in the year to 31 March 2009 and therefore there were no dilutive securities.

For further enquiries please contact:


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