



Annual Report and Financial Statements

For the year ended 31 March 2009

Contents

1	Chairman's Statement	9	Consolidated Balance Sheet
2	Chief Executive's Review	10	Company Balance Sheet
3	Financial Review	11	Consolidated Statement of Changes in Equity
4	Directors' Report	12	Consolidated Cash Flow Statement
6	Corporate Governance	13	Company Cash Flow Statement
7	Independent Auditors' Report to the Members of Bglobal plc	14	Accounting Policies
8	Consolidated Income Statement	18	Notes to the Financial Statements
		28	Notice of Meeting
		30	Officers and Professional Advisers Proxy Form

Chairman's Statement

I am pleased to report the Group's results for the year ended 31 March 2009. The Group has continued to make progress despite the difficult financial climate. The withdrawal of one of our meter funders in October 2008 meant the Group was unable to offer the third party rental finance that some of our utility customers require. The time taken in replacing this funding caused delays in the roll-out of our order book. However, with a new funding package in place, we are beginning a phase of aggressive meter roll-out to meet our customers' targets.

Results

Revenue increased by 48% to £6.64 million (2008: £4.50 million), which is lower than expectations as a result of the delay in installations as noted above. The 77% increase in recurring revenue to £0.97 million (2008: £0.55 million) has helped to offset the impact of the depreciation in sterling against the US dollar on margins which fell to 23.5% (2008: 24.8%). Administrative costs increased to £5.63 million (2008: £4.62 million), as the Group invested in the development of the Mk8 residential meter, improved communication systems and the training of a sufficient number of people, which will be required when the anticipated increase in installations and data management services are achieved in 2009 and 2010. The loss from operations for the period was £4.07 million (2008: £3.50 million) and after net finance income, the loss before taxation was £4.28 million (2008: £3.47 million) and the loss per share was 6.27p (2007: 4.35p).

The Group's cash balance at 31 March 2009 was £527,000. At 2 July the cash position was £1.17 million. Our recent announcement on a new source of meter asset funding and the cash resources we have to hand gives us confidence that we have sufficient cash resources available to meet forecasts for the current financial year.

Dividend

In line with the statement made at the time of the flotation, the Board is not recommending a dividend as all funds are needed at this time to be invested in the development of the business.

Convertible loan

In February 2009, the Company raised £1 million by way of the issue of £1 million of convertible loan notes.

Share placing

In August 2008, the Company raised £2.48 million, net of expenses, by way of a placing of 13,275,000 ordinary shares at a price of 20p per share.

Business and market developments

Mandation for smart metering in the medium industrial and commercial markets came into effect on 9 April 2009. All new and replacement meters in this sector must now be smart, which is expected to increase and consolidate demand.

In addition, the Carbon Reduction Commitment ("CRC") is an innovative climate change and energy saving scheme for the United Kingdom. It will encourage improvements in energy efficiency which can save organisations money. The scheme has been designed to generate a shift in awareness in large organisations especially at senior level, and to drive changes in behaviour and infrastructure. DEFRA believe that some 20,000 organisations will be affected and all will be required to have smart meters if they are to avoid penalties. We estimate that some 1,000,000 meter points will need to be replaced over the next five years.

We see opportunities for new Energy Services offerings in several key areas. We are currently trialling net metering for micro-generation with a major utility company. The Government defines micro-generation as the production of heat and/or electricity on a small-scale from a low carbon source. Micro-generation can provide low carbon energy to a range of building sizes including homes, businesses, schools and communities. These technologies have the potential to help the Government achieve its objectives of tackling climate change, ensuring reliable energy and tackling fuel poverty. We believe that our solution for net metering, involving a single meter solution that enables us to measure both import and export from the same meter, will accelerate the rollout of all micro-generation technologies including wind, combined heat and power and solar. We are also working with a provider of electric vehicle infrastructure, which will require smart metering and the provision of smart grid data services to help distribution companies understand the extra load on the network that recharging electric vehicles will cause.

Contracts

Despite the difficult general economic conditions, the Group is pleased to announce that it has successfully renegotiated its pricing structures with its major customers resulting in increased prices that reflect fairly the changes in the market place and the impact of the recent decline of the value of sterling. The Group has also made good progress with respect to establishing a strong forward order position with in excess of 120,000 meters in the installation hopper. This represents a solid pipeline of work on which the Group can expand its activities

Board

In April we announced that I would become Non-executive Chairman of the Group with Anthony Barnes moving to Group Chief Executive. James Newman, our Chairman since flotation, has agreed to remain on the Board as the senior independent non-executive director and will continue to Chair the Remuneration and Nomination Committees. Tim Jackson-Smith will remain as an independent non-executive director and will remain as Chairman of the Audit Committee. Additionally, in order to streamline the Board, John Atkin has resigned as Finance Director and Martin Evans has resigned as a non-executive director with immediate effect. I would like to take this opportunity to thank both John and Martin for their invaluable contributions to the Group since flotation in 2007.

Outlook

The recently secured meter asset funding, together with our existing cash reserves, means that we now have sufficient resources to give us confidence to meet our expectations. The Board remains confident of the outlook for the Group particularly as a result of the strong order pipeline and increased visibility of meter installations in the coming months.

Peter B Kennedy

Non-executive Chairman

13 July 2009

Chief Executive's Review

The Group has operated in the last financial year against the backdrop of unprecedented turmoil in global financial markets, from which it was not immune. Having won significant orders from major United Kingdom energy suppliers, we built our business capability to deliver on our forecasts. As these orders were increasingly converted into installations, the sudden exit from the market of a primary meter asset finance provider in October 2008 and the loss of our primary provider of trade finance in quick succession, created complex challenges for management and the Group.

The Group's key challenge has been access to new sources of meter asset finance which enables us to fund the end-to-end smart meter services for large energy supply customers that do not wish to directly purchase this type of asset. As announced on 3 July 2009, the Group has now secured a facility of up to £15 million of meter asset funding from Barclays Asset & Sales Finance through a third party and has already made its first drawdown.

In addition, the Board has reduced costs throughout the Group, whilst recognising the need to retain a strong operational capability in order to maintain competitive advantage for the longer term and continuing to support installation activity on behalf of our customers.

Customer orders are the strongest in the Group's history with more than 120,000 meter installations queued for delivery. We have developed an innovative operational delivery model which will enable us to scale up and deliver the Group's strategy and meet our customers' expectations.

Review of operations

The results to 31 March 2009 show revenue increased by 48% to £6.64 million (2008: £4.50 million).

Settlement metering operations

Initially, roll-out operations on large orders placed by five major energy supply customers progressed well and the volume of installations increased month-on-month, largely in line with the forecast business plan. In October 2008, one of our two providers of meter asset finance informed us that they were ceasing to provide finance as a result of the unprecedented turmoil in global financial markets. At the time, some of our customers were not prepared to purchase the meters directly and would not continue their programmes without third party finance. Despite the Group's best efforts, a replacement could not be found quickly and, reluctantly, the Group had no option but to cease work for these customers whilst alternative finance facilities were sought. Meter finance provided by Macquarie Bank of Australia was not affected and the Group continued to install for some customers under this arrangement.

Additionally, the Group's main trade finance facility ended in February 2009, which resulted in additional pressure on working capital, slowing the rate at which inventory could be purchased for installation. Both these events affected severely the Group's ability to deliver its forecast meter installations during the last six months of the financial year.

Despite these challenges, the Group installed 22,856 new meters (a 47% increase on 2008) which, whilst short of forecast, was a strong performance given the challenges of the year. We installed our 60,000th meter in the large and medium business market during early July 2009, once again confirming our position as the United Kingdom's leading installer of smart meters in the business market. More positively, we renegotiated our pricing structures with our major customers resulting in increased prices that reflect fairly the changes in the market place and the impact of the recent decline of the value in sterling.

Operationally, the Group has made great advances in efficiency and process improvement, introducing a new expert operator model for smart meter service delivery. A customer service delivery team was built to manage increasingly complex planning and delivery functions for our customers. A single measure of total business performance, called MPAN Velocity, was created which has become a powerful driver of our overall operational efficiency. Both MPAN Velocity and our new operator model have been embraced enthusiastically by major customers as leading-edge thinking in the delivery of smart metering. These models are already proving to be a source of strategic competitive advantage.

Data Services and other recurring revenue streams increased to £0.97 million (2008: £0.55 million), which is an increase of 77%. Recurring revenue accounted for 15% of revenue and continues to increase monthly in line with installations. The Group has developed a range of new value-adding managed services, which are being taken up by energy suppliers and we expect to see an increase in revenue from these services during the current financial year.

The Group's Smart Solutions and Energy Services product offerings were merged to form a single suite of end-to-end hardware and data solutions towards the end of the financial year, in order to simplify the Group's direct sales operations and streamline management. There has been increasing success in winning direct customer orders from business organisations, public sector and Government bodies. The Group has developed a diverse product and service offering including smart metering, sub-metering, multi-utility metering, energy procurement and carbon usage analysis. The Group will continue to invest in the direct sales model and expects strong interest from companies forced to act in anticipation of the Government's challenging new Carbon Reduction Commitment legislation which comes into force in April 2010.

Outlook and current trading

Operationally our business continues to improve efficiency and grow the number of monthly installations thereby increasing both the number of meters installed and the value of the Group's data services. Our data services and direct Energy Services solutions are both improving on performance and increasing revenues. With meter asset funding now in place, clear signals from the Government on the future of smart metering in the United Kingdom and our strongest forward order position ever, we are confident of the outlook for the year ahead.

Anthony P Barnes
Chief Executive

13 July 2009

Financial Review

Group results

Group revenue increased to £6.64 million for the year ended 31 March 2009 (2008: £4.50 million) as the Group continues to establish its presence in the market for the provision of smart metering services. The loss before taxation for the year was £4.28 million (2008: £3.47 million).

Cash and borrowings

As at 31 March 2009, the Group had cash balances of £0.53 million and financial liabilities of £1 million, the Cash Flow Statement shows the movements in funds during the year.

Overheads

The Group has continued to make investment in its resources during the year in order that it can meet the anticipated demand for its services.

Business risks

Risk management is an important element of the management process throughout the Group, and internal controls have been developed to address the main business risks which are considered to be:

Strategic

The Group operates in a new market and seeks to ensure that it delivers effective solutions to its existing and potential clients.

Operational

The Group's most important assets are its employees, clients and Intellectual Property Rights ("IPR"):

- Employees are recruited carefully to address the needs of the business. Appropriate training is provided to support the development of employees.
- The needs of the Group's clients are addressed to ensure that they are appropriate.
- The Group has controls in place to safeguard the IPR that it owns. The Group also has established procedures to maintain its appropriate accreditations. The Group also recognises the importance of its IT infrastructure and back office systems to deliver its services. The Group has the appropriate controls in place to secure its data and maximise the operational efficiency of its systems.

Controls exist to ensure information is made available to enable management to monitor the performance of the Group.

These address the performance of the Group based on monthly management accounts which include details of sales, gross margin and costs. Other key statistics reported regularly include the number of installations, sales prospects and operational performance in supplying data.

Treasury policies and financial risk

The Group currently does not have any significant borrowings other than the convertible loan for £1 million. The outstanding Small Firms Loan that existed at 31 March 2008 was repaid during the year. The facility for inventories and trade receivables finance that the Group used previously was repaid and so no longer existed at 31 March 2009. The Group maintains a centralised treasury function, which operates under policies and guidelines approved by the Board. These cover funding, management of foreign exchange exposure and interest rate risk. The purpose is to manage the financial risks of the business effectively and to secure the most cost-effective funding. The Group does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts), and it is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Anthony P Barnes

Chief Executive

13 July 2009

Directors' Report

The directors submit their report and financial statements of Bglobal plc for the year ended 31 March 2009.

Principal activities

The principal activity of the Group during the year was the provision of advanced metering technology and services to deregulated global energy markets. The principal activity of the Company was that of a holding company.

Review of the business

The Group's results are set out in the Consolidated Income Statement on page 8 and are explained within the Financial Review on page 3. A full review of the Group's activities and future developments are incorporated into the Chairman's and Chief Executive's Statements.

Results and dividends

The trading results for the period and the Group's financial position at the end of the period are shown in the attached financial statements. The directors do not recommend a final dividend.

Directors

The directors of the Company are as follows:

P B Kennedy	
J H Newman	
J D Atkin	
M H Evans	
A D Stiff	
A P Barnes	(appointed 1 September 2008)
T Jackson-Smith	(appointed 1 September 2008)

At 31 March 2009, the directors had the following beneficial interests in the Company's shares:

	Class of share	At 31 March 2009 No	At 31 March 2008 No
P B Kennedy	Ordinary shares of 1p each	22,200,000	21,200,000
J H Newman	Ordinary shares of 1p each	100,000	50,000
J D Atkin	Ordinary shares of 1p each	1,300,000	800,000
M H Evans	Ordinary shares of 1p each	7,850,000	7,600,000
A D Stiff	Ordinary shares of 1p each	9,560,000	9,560,000
T Jackson-Smith	Ordinary shares of 1p each	–	–
A P Barnes	Ordinary shares of 1p each	–	–

Directors' share options

At 31 March 2009, the following directors held options over the shares of the Company:

	At 31 March 2008	Granted in year	At 31 March 2009	Date exercisable	Expiry date
J H Newman	76,000	–	76,000	19 April 2010	18 April 2017
A P Barnes	–	400,000	400,000	19 August 2011	18 August 2018

Substantial shareholdings

As at 7 July 2009, other than the directors there were the following substantial shareholdings:

	Class of share	No
Rock (Nominees) Limited	Ordinary shares of 1p each	3,022,074
The Bank of New York (Nominees) Limited	Ordinary shares of 1p each	491,294

Share capital

On 29 August 2008, 11,525,000 shares were issued for cash consideration at a price of 20p per share and 1,750,000 shares were issued on the conversion of loans from directors of £350,000 at a price of 20p per share.

Supplier payment policy

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice. At 31 March 2009, average creditor days were 84 days (2008: 124 days).

Employee involvement

The Group recognises and seeks to encourage the involvement of its employees, with the aim being the recruitment, motivation and retention of quality employees throughout the Group. An approved share option scheme is in place operated within the Enterprise Management Incentive Scheme, as well as an unapproved option scheme.

The Group's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate employees regardless of sex, race, religion or disability. Equality of treatment includes full and fair assessment of applications and extends to training and continuing career development.

The Group is committed to ensuring and communicating the requirements for a safe and healthy working environment for all employees, consistent with health and safety legislation and, wherever practicable, gives full consideration to applications for employment from disabled persons.

Charitable and political contributions

The Group made charitable donations of £Nil in the period to 31 March 2009 (2008: £150). No political donations were made in either period.

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Directors' responsibilities in the preparation of the financial statements

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

United Kingdom company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company 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. state whether they have been prepared in accordance with IFRSs adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Bglobal plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The notice convening the Annual General Meeting to be held at 12pm on 21 September 2009 at Arkwright House, Arkwright Court, Commercial Road, Darwen, Lancashire BB3 0FG can be found on the Company's website.

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be proposed at the Annual General Meeting.

By order of the Board

N J Makinson
Secretary

13 July 2009

Board structure

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the accounts is set out on page 5.

The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. The senior independent non-executive director is considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of his independent judgement. All non-executive directors receive a fixed fee for their services.

To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following Committees, which have written terms of reference adopted on 18 April 2007, deal with specific aspects of the Group's affairs:

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the Group and Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance-related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors. The Committee comprises three non-executive directors (James Newman, Martin Evans and Tim Jackson-Smith) and John Atkin. It is chaired by James Newman.

Audit Committee

The Audit Committee comprised three non-executive directors (James Newman, Martin Evans and Tim Jackson-Smith), and is chaired by Tim Jackson-Smith who was appointed during the year.

Its prime tasks are to review the scope of external audit, to receive regular reports from Baker Tilly UK Audit LLP, and to review the half yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation.

The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to shareholders.

The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It reviews and monitors the independence of the auditors, especially with regard to non-audit work.

The Audit Committee met to consider the reports of the auditors prior to the submission of the annual financial statements to the Board.

AIM Compliance Committee

The AIM Compliance Committee comprised three non-executive directors (James Newman, Martin Evans and Tim Jackson-Smith) and John Atkin. It is chaired by James Newman.

The Committee's brief is to ensure that the Group and Company complies with its obligations under the AIM Rules of London Stock Exchange plc.

Internal control

The directors are responsible for the Group's system of internal control and reviewing its effectiveness. The Board has designed the Group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

- the Board meets regularly with a formal schedule of matters for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority; and
- there are procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts.

The Audit Committee receive reports from the external auditors on a regular basis and from executive directors of the Group. The Board receive periodic reports from all Committees.

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2009 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

The Board has considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that, at the Group's current stage of development, this is not a necessity. The Board will continue to review this matter.

Relations with shareholders

The Group values its dialogue with both institutional and private investors. Effective two-way communication with the investment community is actively pursued and this encompasses issues such as performance, policy and strategy. The directors have had meetings with actual and potential investors and they will continue to do so on a regular basis.

There is also an opportunity, at the Company's Annual General Meeting, for individual shareholders to raise general business matters with the full Board, and notice of the Company's Annual General Meeting is circulated to all shareholders before such meeting.

Going concern

These accounts are prepared on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements and therefore continue as a going concern is dependent upon being able to generate significant revenues and free cash flow. The directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements.

The directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Independent Auditors' Report to the Members of Bglobal plc

We have audited the Consolidated and Parent Company financial statements which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Change in Equity, and the related notes.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review and the Financial Review that is cross referenced from the Business Review section of the Directors' Report.

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 in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review, the Financial Review, the Directors' Report and the Corporate Governance 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 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 Group's and 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.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

Registered Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

13 July 2009

Consolidated Income Statement

for the year ended 31 March 2009

	Notes	2009 £	Restated 2008 £
Revenue	1	6,641,224	4,498,752
Cost of sales		(5,081,743)	(3,383,145)
Gross profit		1,559,481	1,115,607
Administrative expenses		(5,632,674)	(4,617,250)
Loss from operations	2	(4,073,193)	(3,501,643)
Finance costs	5	(225,042)	(59,611)
Finance income	6	20,665	88,126
Loss before taxation		(4,277,570)	(3,473,128)
Taxation	7	(24,964)	885,097
Loss for the period attributable to equity holders of the parent		(4,302,534)	(2,588,031)
Basic loss per share – pence	8	(6.27p)	(4.35p)
Fully diluted loss per share – pence	8	(6.27p)	(4.35p)

The loss from operations arises from the Group's continuing operations.

There was no recognised income or expenditure other than the loss for the year. Accordingly no statement of Recognised Income and Expense has been prepared.

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Property, plant and equipment	9	265,691	298,298
Intangible assets	10	513,135	837,176
Deferred tax assets	17	1,980,050	2,005,014
		2,758,876	3,140,488
Current assets			
Inventories	12	1,726,745	1,679,863
Trade and other receivables	13	1,668,641	1,628,605
Cash and cash equivalents	14	526,506	773,917
		3,921,892	4,082,385
Total assets		6,680,768	7,222,873
Equity and liabilities			
Equity attributable to equity holders of the Parent Company			
Share capital	21	741,061	608,311
Share premium		10,542,386	8,193,072
Share-based compensation		115,845	43,423
Merger reserve		792,128	792,128
Retained deficit		(9,330,502)	(5,027,968)
Total equity		2,860,918	4,608,966
Non-current liabilities			
Financial liabilities	16	1,000,000	–
Current liabilities			
Trade and other payables	15	2,819,850	2,513,907
Financial liabilities	16	–	100,000
		2,819,850	2,613,907
Total liabilities		3,819,850	2,613,907
Total liabilities and equity		6,680,768	7,222,873

These financial statements were approved by the Board of directors and authorised for issue on 13 July 2009 and are signed on their behalf by:

P B Kennedy
Chairman

A P Barnes
Chief Executive

Company Balance Sheet

As at 31 March 2009

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Financial asset investments	11	10,303,016	10,236,752
Current assets			
Trade and other receivables	13	6,049,295	7,916,376
Cash and cash equivalents	14	515,631	601,774
Total assets		16,867,942	18,754,902
Equity and liabilities			
Equity attributable to the equity holders of the Parent Company			
Share capital	21	741,061	608,311
Share premium		10,542,386	8,193,072
Share-based compensation		115,845	43,423
Merger reserve		9,791,520	9,791,520
Retained earnings		(5,408,841)	59,451
Total equity		15,781,971	18,695,777
Non-current liabilities			
Financial liabilities	16	1,000,000	–
Current liabilities			
Trade and other payables	15	85,971	59,125
Total liabilities		1,085,971	59,125
Total liabilities and equity		16,867,942	18,754,902

These financial statements were approved by the Board of directors and authorised for issue on 13 July 2009 and are signed on their behalf by:

P B Kennedy
Chairman

A P Barnes
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 March 2009

Group	Share Capital £	Share Premium Account £	Share-Based Payment Reserve £	Merger Reserve £	Retained Deficit £	Total £
At 1 April 2007	407,980	–	–	792,128	(2,439,937)	(1,239,829)
Issue of shares (net of issue costs)	200,331	8,193,072	–	–	–	8,393,403
Share-based compensation	–	–	43,423	–	–	43,423
Loss for the period	–	–	–	–	(2,588,031)	(2,588,031)
At 31 March 2008	608,311	8,193,072	43,423	792,128	(5,027,968)	4,608,966
Issue of shares	132,750	2,522,250	–	–	–	2,655,000
Issue costs of shares	–	(172,936)	–	–	–	(172,936)
Share-based compensation	–	–	72,422	–	–	72,422
Loss for the period	–	–	–	–	(4,302,534)	(4,302,534)
At 31 March 2009	741,061	10,542,386	115,845	792,128	(9,330,502)	2,860,918

There was no other recognised income and expenditure other than the loss for the financial year of £4,302,534 (2008: £2,588,031).

Parent Company	Share Capital £	Share Premium Account £	Share-Based Payment Reserve £	Merger Reserve £	Retained Deficit £	Total £
At 1 April 2007	407,980	–	–	9,791,520	–	10,199,500
Issue of shares (net of issue costs)	200,331	8,193,072	–	–	–	8,393,403
Share-based compensation	–	–	43,423	–	–	43,423
Profit for the period	–	–	–	–	59,451	59,451
At 31 March 2008	608,311	8,193,072	43,423	9,791,520	59,451	18,695,777
Issue of shares	132,750	2,522,250	–	–	–	2,655,000
Issue costs of shares	–	(172,936)	–	–	–	(172,936)
Share-based compensation	–	–	72,422	–	–	72,422
Loss for the period	–	–	–	–	(5,468,292)	(5,468,292)
At 31 March 2009	741,061	10,542,386	115,845	9,791,520	(5,408,841)	15,781,971

Both Share Capital and the Share Premium Account arise on the issue of shares. The Retained Deficit reflects losses incurred to date.

Share-Based Payment Reserve

This reserve is the result of the Company's grant of equity-settled share options to selected employees and measured in accordance with IFRS2 Share-based payment transactions.

Merger Reserve

The merger reserve was established in respect of previous acquisitions, which qualify for Section 131 merger relief.

Consolidated Cash Flow Statement

for the year ended 31 March 2009

	2009 £	2008 £
Cash flow from operating activities		
Loss before taxation	(4,277,570)	(3,473,128)
Share-based compensation	72,422	43,423
Finance costs	225,042	59,611
Finance income	(20,665)	(88,126)
Depreciation	92,852	79,152
Amortisation	364,293	333,595
Increase in inventories	(46,882)	(770,546)
Increase in trade and other receivables	(40,036)	(990,909)
Increase in trade and other payables	305,943	522,426
Net cash used in operations	(3,324,601)	(4,284,502)
Investing activities		
Payments to acquire property, plant and equipment	(60,245)	(232,281)
Payments to acquire intangible assets	(40,252)	(243,239)
Finance income	20,665	88,126
Net cash used in investing activities	(79,832)	(387,394)
Financing activities		
Proceeds on issue of ordinary shares	2,482,064	6,893,403
Net movement on short-term borrowings	(100,000)	(1,703,813)
Proceeds on issue of convertible loan	1,000,000	–
Finance costs	(225,042)	(59,611)
Net cash generated from financing activities	3,157,022	5,129,979
Net (decrease)/increase in cash and cash equivalents	(247,411)	458,083
Cash and cash equivalents at the beginning of the financial year	773,917	315,834
Cash and cash equivalents at the end of the financial year	526,506	773,917

Company Cash Flow Statement

for the year ended 31 March 2009

	2009 £	2008 £
Cash flow from operating activities		
(Loss)/profit before taxation	(68,292)	59,451
Share-based compensation	6,158	6,171
Finance costs	10,740	27
Finance income	(20,665)	(81,475)
Increase in trade and other receivables	29,274	6,696
Increase/(decrease) in trade and other payables	26,846	(12,784)
Net cash used in operations	(15,939)	(21,914)
Investing activities		
Finance income	20,665	81,475
Financing activities		
Proceeds on issue of ordinary shares	2,482,064	6,893,403
Movement in Group borrowings	(3,562,193)	(6,351,163)
Proceeds on issue of convertible loan	1,000,000	-
Finance costs	(10,740)	(27)
Net cash (used in)/generated from financing activities	(90,869)	542,213
Net (decrease)/increase in cash and cash equivalents	(86,143)	601,774
Cash and cash equivalents at the beginning of the financial year	601,774	-
Cash and cash equivalents at the end of the financial year	515,631	601,774

Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), including International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted for use in the European Union ("EU") and in accordance with those parts of the Companies Act 1985 applicable to companies reporting under IFRSs.

Bglobal plc is incorporated and domiciled in the United Kingdom. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Reclassification of costs

The directors have reviewed the allocation of expenses and costs within cost of sales and administrative expenses and consider it appropriate for the reallocation of engineers costs to be included in cost of sales. The financial information for the year ended 31 March 2008 has been restated accordingly. The reclassification resulted in cost of sales increasing by £265,367 and administration expenses reducing by £265,367.

Going concern

These accounts are prepared on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements and therefore continue as a going concern is dependent upon being able to generate significant revenues and free cash flow. The directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements.

The directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date of their acquisition or their date of disposal.

The purchase method of accounting is used for the acquisition of subsidiaries. The cost of acquisition is measured at the aggregate fair values of assets given, equity instruments issued and liabilities incurred or assumed by the Group to obtain control and any directly attributable acquisition costs.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Losses applicable to minority interests which exceed the minority interest equity, are allocated against the Parent Company interest, except to the extent that the minority has a binding obligation and is able to make an additional investment to cover those losses.

Bglobal plc acquired B Global Metering Limited through a transaction involving entities under common control, as defined in IFRS 3 Business Combinations. It is noted that such transactions are outside the scope of IFRS 3 and there is no other guidance elsewhere in IFRS covering such transactions.

IFRS contain specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included at paragraphs 10–12 of IAS 8 Accounting policies, changes in accounting estimates and errors. This requires, inter alia that where IFRS does not include guidance for a particular issue, the directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards.

In this regard, it is noted that the UK Accounting Standards Board has, in issue, an accounting standard covering business combinations (FRS 6). This standard uses the principles of merger accounting.

The Company Income Statement has not been disclosed in accordance with section 230 of the Companies Act 1985. The loss for the year of the Parent Company amounted to £5,468,292.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and other sales related taxes.

For meters supplied under a lease purchase agreement, the asset value and installation cost is invoiced and revenue recognised either upon receipt of a signed completion certificate from the customer, or upon installation following remote programming of the meter, depending upon the terms of the agreement with the customer.

For meters supplied under a rental agreement, the asset and installation cost is invoiced and revenue is recognised once the customer has signed off that the meter has been installed and the necessary data flows have been received to evidence that. Rentals are invoiced and revenue is recognised in line with the terms of the rental agreement.

For meters supplied under a direct purchase arrangement, revenue is recognised as per the individual agreements. The meter cost and installation is invoiced and revenue is recognised upon physical installation of the meter asset.

For meters supplied to customers where up front payments are taken, no revenue is recognised until the physical asset has been shipped to agents for installation. No installations are undertaken by the Group on these contracts and as such only the meter asset value is invoiced and subsequently recognised.

Data Collection and Data Aggregation ("DCDA") service charges are invoiced and revenue is recognised on a straight-line basis over the term of the agreement. The DCDA agreements are for five years however no income is recognised in respect of future periods.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Intangible assets

Intangible assets such as software and accreditation costs are stated at cost, net of any amortisation and any provision for impairment. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software:	over five years on a straight-line basis
Accreditation	over five years on a straight-line basis

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost or valuation of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the term of the lease
Plant and machinery	five years
Fixtures and fittings	five years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments

Investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of inventories is based upon a first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Financial liability

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft where a right of set off exists.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, which represents the fair value of the consideration received, net of any issue costs associated with other borrowings. Borrowings are subsequently stated at amortised cost.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derecognition of financial instruments

The derecognition of financial instruments takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party.

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

Leasing commitments

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Government grants

Grants that compensate the Group for the cost of an asset are initially deducted from the cost of that asset and then recognised in the income statement on a systematic basis over the useful life of the asset.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the income statement.

Taxation

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit/loss for the financial year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous periods.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

No provision is made relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than those acquired as part of a business combination.

Provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries except where the Group can control the reversal of the temporary differences.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Retirement benefit plans

Obligations for contributions to defined contribution retirement benefit plans are charged as an expense as they fall due.

Share-based payment transactions

The Group has applied the requirements of IFRS 2 Share-based payment transactions.

The Group issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payment transactions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of share options that will eventually vest and a corresponding amount credited to the share-based payment reserve.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

Interpretations and standards which became effective during the year

The following accounting standards and interpretations became effective during the period:

IFRC 11 IFRS 2 – Group and Treasury share transactions

The Group has adopted the disclosures of IFRS 7 and IAS 1 amended accordingly. The accounting policy amendment affects disclosures only and has no material impact on the current or preceding periods' financial position and performance.

IFRIC 11: IFRS 2 Group and treasury share transactions and IFRIC 10: Interim financial reporting and impairment, also became effective during the period. The Group's accounting policies in the preceding accounting period were consistent with guidance issued in the IFRIC, therefore implementation has had no effect upon the current or preceding financial period.

The Company has adopted IFRS 8: Operating Segments early. However, as described in the notes to the accounts this standard has had no impact upon the financial period due to the segments being below the reportable thresholds.

Interpretations and standards which have been issued and are not yet effective

At the date of the authorisation of the financial information, the following standards and interpretations, which have not been applied in the financial information, were in issue but not yet effective:

IFRS 1	Revised IFRS 1 First time adoption of IFRS (endorsed)
IFRS 2	Share-based Payment – Amendments relating to vesting conditions and cancellations (endorsed)
IFRS 3	Business Combinations – Amendments
IFRS 7	Financial Instruments: Disclosures – Consequential amendments arising from amendments to IAS 32
IFRS 8	Operating Segments (endorsed)
IAS 1	Presentation of Financial Statements – Revised (endorsed)
IAS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation (endorsed)
IAS 23	Borrowing Costs – Amendment (endorsed)
IAS 27	Consolidated and separate Financial Statements – Consequential amendments arising from Amendments from IFRS 3
IAS 27	Consolidated and Separate Financial Statements – Amendments cost of an investment in a subsidiary, jointly controlled entity or associate (endorsed)
IAS 28	Investments in Associates – Consequential amendments arising from IFRS 3
IAS 31	Investments in Joint Ventures – Consequential amendments arising from IFRS 3
IAS 32	Financial Instruments Presentation – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation (endorsed)
IAS 39	Financial Instruments: Recognition and Measurement – Consequential amendments arising from amendments to IAS 32
IAS 39	Financial Instruments: Recognition and measurement – Amendment; Eligible hedged items
IAS 39	Financial Instruments: Recognition and measurement – Amendment; Reassessment of embedded derivatives.
IFRIC 12	Service Concession Arrangements (endorsed)
IFRIC 13	Customer Loyalty Programmes (endorsed)
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (endorsed)
IFRIC 15	Agreements for the Construction of Real Estate Assets
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
IFRIC 9	Reassessment of Embedded Derivatives – Amendment; Embedded Derivatives

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial information when the relevant standards and interpretations come into effect.

Critical accounting estimates and judgements

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are both readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. These assumptions include but are not limited to the following areas:

Deferred tax

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted (see note 17).

Impairment

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the period (see note 11).

Notes to the Financial Statements

1 Segmental information

At this stage of the Group's development, the directors are of the opinion that there is only one business segment within the activities of the Group relating to the provision of advanced metering technology and services. This is the business segment used for internal reporting purposes and reviewed by the executive directors to assess performance and allocate resources. As overheads and the assets and liabilities of the Group are not separately allocated to sub-segments for internal reporting purposes, it is not practical to report on this separately. The Group generated total revenues from its two largest customers of £3,670,468 and £918,973 (2008: £3,098,215 and £Nil). All operations are carried out within the United Kingdom.

2 Loss from operations

Loss from operations is stated after charging/(crediting):

	2009 £	2008 £
Amortisation	364,293	333,595
Depreciation of owned fixed assets	92,852	79,152
Auditor's remuneration		
– as auditor	32,995	34,950
Operating lease costs:		
Land and buildings	189,068	146,322
Other	115,509	150,771
Exchange rate loss/(gains)	61,625	(138,048)

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services:

	2009		2008	
	£	%	£	%
Audit services				
Fees payable to the Company's auditor for the audit of the Company and consolidated accounts	18,400	19.9	17,450	26.7
Fees payable to the Company's auditor and its associates for other services:				
– Audit of subsidiaries pursuant to legislation	14,595	15.8	17,500	26.8
	32,995		34,950	
Other services				
– Interim review	8,750	9.5	8,250	12.6
– Other	6,250	6.7	–	–
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	25,000	27.0	12,500	19.2
Tax services				
– Compliance services	5,750	6.2	5,500	8.4
– Advisory services	13,827	14.9	4,085	6.3
	92,572	100.0	65,285	100.0

3 Particulars of employees

The average number of staff employed by the Group, including executive directors, during the financial period amounted to:

	2009 No	2008 No
Administration	107	83
Management	9	5
	116	88

The aggregate payroll costs, including directors' emoluments, of the above were:

	2009 £	2008 £
Wages and salaries	3,301,162	2,525,605
Social security costs	332,199	244,271
Other pension costs	50,505	51,741
	3,683,866	2,821,617

4 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2009 £	2008 £
Emoluments receivable	469,000	488,376
Fees	178,518	106,833
Pension contributions	21,000	18,271

Emoluments of highest paid director:

	2009 £	2008 £
Total emoluments (excluding pension contributions)	166,500	150,000
Pension contributions	7,500	7,500
	174,000	157,500

The number of directors accruing benefits under defined contribution schemes was one (2008: one).

5 Finance costs

	2009 £	2008 £
Bank loans and overdrafts	4,486	5,126
Interest payable on loan finance and inventory finance	209,816	54,485
Convertible loan interest	10,740	–
	225,042	59,611

6 Finance income

	2009 £	2008 £
Interest receivable	20,665	88,126

7 Taxation

	2009 £	2008 £
Current tax:		
Corporation tax at 28% (2008: 30%)	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of temporary differences	24,964	(956,645)
Adjustments in respect of prior periods	–	(3,335)
Effect of tax rate change	–	74,883
	24,964	(885,097)
Income tax charge/(credit)	24,964	(885,097)

Notes to the Financial Statements continued

7 Taxation continued

The charge for the period can be reconciled to the loss per the income statement as follows:

	2009 £	2008 £
Loss for the period	(4,302,534)	(2,588,031)
Total income tax expense/(credit)	24,964	(885,097)
Loss on ordinary activities before tax	(4,277,570)	(3,473,128)
Tax at the United Kingdom corporation tax rate of 28% (2008: 30%)	(1,197,720)	(1,053,113)
Expenses not deductible for tax purposes	34,189	41,163
Capital allowances in excess of depreciation	–	(34,135)
Effect of change in tax rate	–	149,564
Unrelieved tax losses and other deductions arising in the period	1,188,495	11,424
Total tax expense/(credit)	24,964	(885,097)

8 Loss per share

The calculation of basic loss per ordinary share is based on losses of £4,302,534 (2008: £2,588,031) and on 68,650,621 ordinary shares (2008: 59,517,454) being the weighted average number of shares in issue during the year.

The loss for the period and the weighted average number of ordinary shares for calculating the diluted loss per share for the year ended 31 March 2009 and year ended 31 March 2008 are identical to those for the basic loss per share. This is because the outstanding share options and shares arising on conversion of the other loan would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ("IAS") No 33.

9 Property, plant and equipment

Group	Leasehold improvements £	Fixtures and fittings £	Plant and machinery £	Total £
2008				
Cost				
At 1 April 2007	41,038	12,100	167,557	220,695
Additions	100,037	36,403	95,841	232,281
At 31 March 2008	141,075	48,503	263,398	452,976
Depreciation				
At 1 April 2007	1,478	4,658	69,390	75,526
Charge for the year	22,136	9,118	47,898	79,152
At 31 March 2008	23,614	13,776	117,288	154,678
Net book value				
At 31 March 2008	117,461	34,727	146,110	298,298
2009				
Cost				
At 1 April 2008	141,075	48,503	263,398	452,976
Additions	1,849	11,915	46,481	60,245
At 31 March 2009	142,924	60,418	309,879	513,221
Depreciation				
At 1 April 2008	23,614	13,776	117,288	154,678
Charge for the year	27,572	11,475	53,805	92,852
At 31 March 2009	51,186	25,251	171,093	247,530
Net book value				
At 31 March 2009	91,738	35,167	138,786	265,691

Depreciation is recognised within administrative expenses in the income statement.

10 Intangible assets

Group	Accreditation £	Software £	Total £
2008			
At 1 April 2007	180,000	1,383,031	1,563,031
Additions	–	243,239	243,239
At 31 March 2008	180,000	1,626,270	1,806,270
Amortisation			
At 1 April 2007	36,000	599,499	635,499
Charge for the year	36,000	297,595	333,595
At 31 March 2008	72,000	897,094	969,094
Net book value			
At 31 March 2008	108,000	729,176	837,176
2009			
Cost			
At 1 April 2008	180,000	1,626,270	1,806,270
Additions	–	40,252	40,252
At 31 March 2009	180,000	1,666,522	1,846,522
Amortisation			
At 1 April 2008	72,000	897,094	969,094
Charge for the year	36,000	328,293	364,293
At 31 March 2009	108,000	1,225,387	1,333,387
Net book value			
At 31 March 2009	72,000	441,135	513,135

Amortisation is recognised within administrative expenses in the income statement.

11 Financial asset investments

Company	2009 £	2008 £
Investments in subsidiaries:		
Cost at 1 April	10,199,500	10,199,500
Share-based compensation adjustment	103,516	37,252
At 31 March	10,303,016	10,236,752

Details of subsidiaries, all wholly owned and included in the consolidated financial statements are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
B Global Metering Limited	England	Ordinary shares	100%	Provision of metering services
B Global Northern Operations Limited*	England	Ordinary shares	100%	Dormant

* The shareholding in B Global Northern Operations Limited is an indirect one via a subsidiary company.

The Company has chosen a policy to hold its investment in B Global Metering Limited, at cost in accordance with IAS 27: Consolidated and Separate Financial Statements. As a consequence, the investment has been adjusted from the nominal value of the shares issued to the fair value of the shares issued in exchange for the shares acquired as a result of the business combination. A corresponding adjustment has been made to equity by recognition of a merger reserve given the criteria for relief under s131 CA85 has been met.

Notes to the Financial Statements continued

11 Financial asset investments continued

Impairment review

The Group tests investments annually for impairment or more frequently if there are indications that it might be impaired.

The recoverable amounts of the cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the period.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units. This discount rate has been estimated at 12%. The growth rates are based on industry growth forecasts. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares forecasts derived from the most recent financial budgets for the period to 31 March 2011. These are approved by management and cash flows extrapolated thereafter in perpetuity based on an estimated growth rate of 2.25%.

As a result of this review, management believes that no impairment provision is required

12 Inventories

Group	2009 £	2008 £
Finished goods for resale	1,726,745	1,679,863

13 Trade and other receivables

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Trade receivables	1,305,337	1,261,277	–	–
Other receivables	28,402	177,135	20,306	60,213
Amounts owed by Group undertakings	–	–	6,013,356	7,851,163
Prepayments and accrued income	334,902	190,193	15,633	5,000
	1,668,641	1,628,605	6,049,295	7,916,376

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The amount owed by Group undertakings is shown after deducting provision of £5.4 million (2008: £Nil).

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. There was a specific bad debt provision made in the year of £169,356. The ageing profile of debtors is shown below.

	2009 £	2008 £
Current	999,419	842,950
31–60 days old	146,800	309,523
60–90 days old	84,508	18,188
Over 90 days	74,610	90,617
	1,305,337	1,261,277

14 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group. The carrying amount of the asset approximates the fair value. All balances are held in sterling.

15 Trade and other payables

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Current:				
Trade payables	1,609,831	1,735,978	67,991	46,251
Other payables	17,980	173,041	17,980	–
Other taxes	666,333	88,141	–	–
Accruals and deferred income	525,706	516,747	–	12,874
	2,819,850	2,513,907	85,971	59,125

The carrying amount of trade and other payables approximates to their fair values.

16 Financial liabilities and assets

The Group's treasury policy and management of financial instruments, which form part of these financial statements, are set out in the Financial Review.

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Current liabilities:				
Bank borrowings	–	100,000	–	–
Non current liabilities:				
Convertible loan notes	1,000,000	–	1,000,000	–

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31 March 2009 is as follows:

	Non interest bearing financial liabilities £	Fixed rate financial liabilities £	Floating rate financial liabilities £	Total £
2009				
Sterling	–	1,000,000	–	1,000,000
2008				
Sterling	–	–	100,000	100,000

The floating rate financial liabilities relates to a term loan. The fixed rate financial liabilities were confined to other loans.

The following is the maturity profile of the Group's floating rate financial liabilities as at 31 March:

	2009 £	2008 £
Maturity profile of floating rate financial liabilities		
On demand or within one year	–	100,000

The following is the maturity profile of the Group's fixed rate financial liabilities as at 31 March:

	2009 £	2008 £
Maturity profile of fixed rate financial liabilities		
On demand or within one year	1,000,000	–

Interest rate risk profile of financial assets

The Groups financial assets at 31 March 2009 comprise cash and trade receivables. The cash balance of £526,506 (2008: £773,917) are floating rate financial assets.

Fair values of financial liabilities and financial assets

The fair values based upon the market value or discounted cash flows of financial liabilities and financial assets, held in the Group was not materially different from their book values.

Convertible loan

The loan represents the issue of £1 million of convertible loan notes by Bglobal plc and bears interest at 8% per annum. Repayment of the convertible loan notes is due on 11 February 2014 unless converted or redeemed earlier. If the loan notes are convertible into new ordinary shares at an equivalent price of 17p per share. The equity element relating to the convertible loan is £75,816. This has not been reflected in these accounts on the basis that it is not considered material. There is a debenture attached to this convertible loan dated 11 February 2009.

Finance and interest rate risk

Where appropriate, the Group manages its exposure to interest rate fluctuations on its borrowings to reduce the impact of adverse variations in the market rates on the Group's profit and cash flow.

Liquidity risk

The Group manages its cash in a manner designed to ensure maximum benefit is gained whilst ensuring security of investment sources. The Group's policy on investment of surplus funds is to place deposits at institutions with strong credit ratings.

Notes to the Financial Statements continued

16 Financial liabilities and assets continued

Currency risk

The Group has overseas liabilities and considers these on an individual basis. This risk relates to one supplier account trading in US dollars.

Credit risk

Credit risk with respect to trade receivables is due to the Group trading with a limited number of companies who are generally large utility companies or financial institutions. Therefore the Group does not expect in the normal course of events that these debts are at significant risk.

17 Deferred taxation

The movement in the deferred taxation asset during the period was:

	2009 £	2008 £
At 1 April	2,005,014	1,119,917
(Charge)/credit to the Consolidated Income Statement	(24,964)	885,097
At 31 March	1,980,050	2,005,014

At the balance sheet date, the Group has unused tax losses of £10.7 million (2008: £7.08 million) available for offset against future profits. A deferred tax asset of £1.98 million (2008: £2.01 million) has been recognised in respect of such losses. No deferred tax asset has been recognised for the remaining amount due to the unpredictability of future profit streams.

The Group has provided for a deferred tax asset to the extent that the directors believe that future taxable profits will be utilised in the short term. These assumptions are based upon the approved forecasts derived from the most recent financial budgets for the period to 31 March 2011.

18 Commitments under operating leases

At 31 March 2009 the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Property, plant and equipment

	2009 £	2008 £
Within one year	197,679	281,393
Between one and five years	658,237	693,418
Over five years	471,600	621,582
	1,327,516	1,596,393

Operating lease charge for the period amounted to £304,577 (2008: £297,093). The average remaining lease term for property is five years and the average remaining lease term for plant and equipment is three months.

19 Share-based payment transactions

The Company has granted equity-settled share options to selected employees. The exercise price is the market value of the shares at the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire.

A reconciliation of option movements over the year to 31 March 2009 and 31 March 2008 is shown below:

	2009		2008	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of period	1,678,000	26	1,202,000	25
Granted during the period:				
B Global Metering Limited	600,000	26	400,000	–
Bglobal plc	–	–	76,000	50
Exercised in the period	–	–	–	–
Forfeited in the period	(400,000)	25	–	–
Outstanding at the end of the period	1,878,000	28	1,678,000	26
Exercisable at 31 March	–	–	–	–

19 Share-based payment transactions *continued*

The Group recognised the following expense in relation to share-based payment transactions:

	2009 £	2008 £
Charged to Consolidated Income Statement	72,422	43,423

The options outstanding at 31 March 2009 had a weighted average exercise price of 28p and a weighted average remaining contractual life of nine years.

The fair value of options granted under the scheme is measured by use of the Black-Scholes model. The inputs into the Black-Scholes model for options granted during the year are as follows:

Grant date	19/08/2008
Share price at grant date	26p
Exercise price	26p
Number of employees	3
Share options granted	600,000
Vesting period (years)	3
Expected volatility	32.5%
Option life (years)	10
Expected life (years)	3
Risk free rate	4.64%
Expected dividends expressed as a dividend yield	0%
Fair value per option	14p

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

Other schemes

During the year the Company introduced a Save As You Earn scheme ("SAYE"). Although contributions have been made, the charge in the year would be immaterial.

20 Related party transactions

Transactions with key management are disclosed below

Key management personnel compensation comprised:

	2009 £	2008 £
Equity-settled share options	72,422	43,423
Short-term benefits (including NIC)	549,953	411,434

At 31 March 2009 two directors participated in the Group's share option programme as noted in the Directors' Report.

A number of key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the Group.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Notes to the Financial Statements continued

20 Related party transactions continued

The aggregate value of the transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Notes	Transaction value year ended 31 March		Balance outstanding as at 31 March	
		2009 £	2008 £	2009 £	2008 £
Formfill Holdings Limited and subsidiary companies					
– purchase of software	(i)	49,500	103,000	56,925	71,858
– software support	(ii)	173,727	140,800	250,011	30,000
– reimbursed expenses	(iii)	7,952	28,460	4,613	22,880
EnergyPro Limited	(iv)	–	4,019	–	–
EDMI					
– services and travel costs	(v)	80,040	93,374	7,015	26,714
– meter purchases	(vi)	1,493,094	2,236,803	682,103	985,874
Halliwells LLP	(vii)	3,305	–	1,035	–

Note (i) B Global Metering Limited acquired software from a subsidiary of Formfill Holdings Limited, a company of which M Evans and P Kennedy are both directors and shareholders and J Atkin is a director.

Note (ii) B Global Metering Limited acquired software support from a subsidiary of Formfill Holdings Limited, a company of which M Evans and P Kennedy are both directors and shareholders and J Atkin is a director.

Note (iii) Bglobal plc reimbursed expenses for costs incurred to a subsidiary of Formfill Holdings Limited, a company of which M Evans and P Kennedy are both directors and shareholders and J Atkin is a director.

Note (iv) EnergyPro Limited, a company of which A D Stiff is a director, incurred various expenses on behalf of B Global Metering Limited. The amounts outstanding are included in trade payables.

Note (v) B Global Metering Limited purchased services and reimbursed travel costs to EDMI Limited, a company which owns 5.48% of the shareholding in Bglobal plc.

Note (vi) B Global Metering Limited purchased meters from EDMI Limited, a company which owns 5.48% of the shareholding in Bglobal plc.

Note (vii) Bglobal group received legal services from Halliwells LLP. T Jackson-Smith is a partner in Halliwells LLP.

Directors' loans

As at 31 March, the following amounts were owed from the following directors:

	2009 £	2008 £
P B Kennedy	4,497	–

Transactions between Group companies

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions during the year were mainly made up of management charges and amounts transferred to subsidiaries.

The outstanding balance due to the Company from its subsidiaries as at 31 March 2009 was £6,013,356 (2008 £7,851,163). This is net of a provision for impairment of £5.4 million.

21 Share capital

	2009 £	2008 £
Authorised: 100,000,000 ordinary 1p shares	1,000,000	1,000,000
	No	£
Issued and fully paid: Balance at 31 March 2008	60,831,111	608,311
Issued shares	13,275,000	132,750
Balance at 31 March 2009	74,106,111	741,061

Ordinary shares

The total number of issued shares at 31 March 2009 was 74,106,111. On 29 August 2008, 11,525,000 shares were issued for cash consideration at a price of 20p per share and 1,750,000 shares were issued on the conversion of loans from directors of £350,000 at a price of 20p per share.

Options

At 31 March 2009 the Company had 1,878,000 (2008: 1,678,000) unissued ordinary shares of 1p each under the Company's share option schemes, details of which are as follows:

Grant date	Number	Option price pence	Date from which exercisable	Expiry date
26 March 2007	800,000	25	26 March 2010	25 March 2017
26 March 2007	2,000	25	26 March 2010	25 March 2017
19 April 2007	76,000	50	19 April 2010	18 April 2017
19 December 2007	400,000	34	19 December 2010	18 December 2017
19 August 2008	600,000	26	19 August 2011	19 August 2018

Details of share options are disclosed in note 19 of the accounts.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

22 Contingent liabilities

Group

At 31 March 2009, there were no contingent liabilities (2008: Nil).

Company

The Company has guaranteed the debts of its subsidiary undertakings under a cross guarantee arrangement. A Group VAT registration is operated by the Company and its Group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue and Customs under the arrangement.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Bglobal plc (the "Company") will be held at Arkwright House, 2 Arkwright Court, Commercial Road, Darwen, Lancashire BB3 0FG at 12.00pm on Monday 21 September 2009 for the following purposes:

Ordinary business

1. To receive the financial statements for the period ended 31 March 2009 together with the Reports of the Directors and Auditors thereon.
2. To re-elect P B Kennedy, who retires by rotation pursuant to Article 13 of the Articles of Association of the Company and who, being eligible, offers himself for re-election as a director.
3. To re-elect J H Newman, who retires by rotation pursuant to Article 13 of the Articles of Association of the Company and who, being eligible, offers himself for re-election as a director.
4. To reappoint Baker Tilly UK Audit LLP as the Company's Auditors until the conclusion of the next Annual General Meeting, and to authorise the Directors to determine the Auditors' remuneration.

Special business

5. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"THAT, the authorised share capital of the Company be and is hereby increased by £500,000 from £1,000,000 to £1,500,000 by the creation of a further 50,000,000 ordinary shares of £0.01 each in the capital of the Company, such shares ranking *pari passu* in all respects with the existing ordinary shares of £0.01 each in the capital of the Company and having the rights and being subject to the obligations set out in the articles of association of the Company."

6. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"THAT, subject to and in accordance with Article 16 of the Articles of Association of the Company, the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (in substitution for any existing and unexercised authority to allot relevant securities) to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to a maximum nominal amount of £181,335 to such persons at such times and generally on such terms as the Directors may determine provided that such authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company or on the date which is 6 months after the accounting reference date of the Company (if earlier), but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired."

7. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

"THAT, subject to and conditional upon the passing of resolution 5 as set out in the notice of this meeting and in substitution for all existing and unexercised authorities and powers, the Directors be empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of the Companies Act 1985) for cash pursuant to the general authority conferred by resolution 5 as set out in the notice of this meeting as if section 89(1) of the Companies Act 1985 did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:

(i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;

(ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £74,106,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company or on the date which is 6 months after the accounting reference date of the Company (if earlier), but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired."

By order of the Board

N J Makinson
Secretary

13 July 2009

Registered Office:
Arkwright House,
2 Arkwright Court,
Commercial Road,
Darwen,
Lancashire
BB3 0FG

Notes:

1. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and speak and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. Completion of the form of proxy will not affect the right of a member to attend and vote at the meeting. Only shareholders, proxies and authorised representatives of corporations that are shareholders are entitled to attend the meeting.
2. In the case of joint holders the signature of one holder on the form of proxy will be accepted by the vote of the senior who tenders a vote whether in person or by proxy to the exclusion of the votes of any joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holdings.
3. In the case of a corporation the form of proxy must be signed on its behalf by a duly authorised officer of the corporation.
4. A form of proxy is provided with this notice. To be effective a form of proxy together with any power of attorney or other authority under which it is executed or a copy thereof certified notarially or in accordance with the Power of Attorney Act 1971 or as the Directors shall accept must be sent to the Company Secretary, at Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to arrive not later than 48 hours before the start of the meeting (excluding non-working days), ie 12.00pm on Thursday 17 September 2009.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at 12.00pm on Saturday 19 September 2009 shall be entitled to attend and vote at this meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to attend or vote at this meeting.
6. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the registered office of the Company before the time appointed for the meeting.

Officers and Professional Advisers

Directors

A P Barnes – Chief Executive
J H Newman – Senior independent non-executive director
P B Kennedy – Non-executive Chairman
A D Stiff – Commercial Director
T Jackson-Smith – Independent non-executive director

Secretary

N J Makinson

Registered office

Arkwright House
Arkwright Court
Commercial Road
Darwen
Lancashire
BB3 0FG

Nominated adviser and broker

Charles Stanley Securities
25 Luke Street
London
EC2A 4AR

Solicitors

Eversheds LLP
Bridgewater Place
Water Place
Leeds
LS1 2JB

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Proxy Form

For use by holders of ordinary shares of £0.01 each ("Ordinary Shares") at the Annual General Meeting to be held at Arkwright House, 2 Arkwright Court, Commercial Road, Darwen, Lancashire BB3 0FG at 12.00pm on Monday 21 September 2009.

I/WE (BLOCK CAPITALS PLEASE) (Name): _____

of (Address): _____

being a member/members of the above named Company hereby appoint the Chairman of the Meeting/

_____ – (see note 1) as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 12.00pm on Monday 21 September 2009 and at any adjournment thereof.

Resolution	For	Against	Abstain	Vote withheld
Resolution 1 To receive the financial statements for the period ended 31 March 2009 together with the Report of the Directors and Auditors thereon.				
Resolution 2 To re-elect P B Kennedy, a Director retiring by rotation.				
Resolution 3 To re-elect J H Newman, a Director retiring by rotation.				
Resolution 4 To reappoint Baker Tilly UK Audit LLP as the Company's Auditors and to authorise the Directors to determine the Auditor's remuneration.				
Resolution 5 To increase the authorised share capital of the Company by £500,000 from £1,000,000 to £1,500,000.				
Resolution 6 To authorise the Directors to allot relevant securities pursuant to section 80 of the Companies Act 1985.				
Resolution 7 To authorise the Directors to allot equity securities pursuant to section 95 of the Companies Act 1985.				

Signature: _____ Dated: _____ 2009

Notes:

1. If it is desired to appoint a person other than the Chairman as proxy the words "the Chairman of the Meeting or" should be deleted and the name of the proxy (who need not be a member of the Company) inserted into the appropriate space. Any alteration to the form of proxy must be initialled by the person(s) signing the form.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, you may photocopy this form. Please indicate on each proxy card the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. All forms should be signed and returned together in the same envelope.
3. Please indicate with an "x" how you wish your proxy to vote. Unless otherwise directed the proxy will vote or abstain as he or she thinks fit.
4. In the case of joint holders the signature of one holder on the form of proxy will be accepted by the vote of the senior who tenders a vote whether in person or by proxy to the exclusion of the votes of any joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holdings.
5. In the case of a corporation the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.
6. The "vote withheld" option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.
7. To be effective a form of proxy together with any power of attorney or other authority under which it is executed or a copy thereof certified notari ally or in accordance with the Power of Attorney Act 1971 or as the Directors shall accept must be sent to the Company Secretary, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to arrive not later than 48 hours before the start of the meeting (excluding non-working days), i.e. 12.00pm on Thursday 17 September 2009.
8. Any alteration made to the form of proxy should be initialled.
9. Completion of the form of proxy will not affect the right of a member to attend and vote at the meeting.
10. If, after returning a duly completed proxy form, you wish to revoke your proxy appointment you must sign and date a notice clearly stating your intention to revoke that proxy appointment and deposit it at the registered office of the Company before the time appointed for the Meeting.
11. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of members of the Company at 12.00pm on Saturday 19 September 2009 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
12. In case of a corporation, this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised, stating their capacity (eg director, secretary)



Second fold

BUSINESS REPLY SERVICE
Licence No. WB1002

2



Computershare Investor Services PLC
PO Box 1075
Bridgwater Road
Bristol
BS99 6ZY

First Fold

Third fold and tuck in



