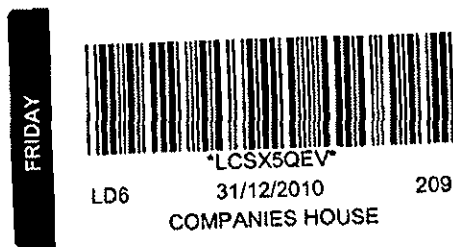


# Metroelectric PLC

## Annual Report and Financial Statements for the Year Ended 30 June 2010



Company's registered number: 05840813  
(England & Wales)

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# Metroelectric PLC

## COMPANY INFORMATION

<i>Directors</i>	G Collier P Rewne M Chapman
<i>Secretary</i>	Nominee Secretaries Limited
<i>Registered Office</i>	14 Bennell Court West Street Comberton Cambridge Cambridgeshire CB23 7EN
<i>Auditors</i>	Welbeck Associates Limited 31 Harley Street London W1G 9QS
<i>Registrars</i>	Share Registrars Limited First floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL

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# Metroelectric PLC

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# Metroelectric PLC

## Chairman's Statement for the year ended 30 June 2010

### INTRODUCTION

The Board is pleased to present the results of Metroelectric plc ("the Company") for the year ended 30<sup>th</sup> June 2010. The Company was established by the Directors as a PLUS Markets investment Vehicle initially seeking acquisition targets in the information sector. The Company continues to look for areas to invest or trade in the eco-friendly products and technologies sector, being a continued area of growth in accordance with the change in scope of business made in 2007.

### RESULTS

The Company made a loss for the year to 30 June 2010 of £51,018 (2009 £56,735)

The loss per ordinary share for the year was 0.017p (2009 0.032p)

### REVIEW

This accounting period covered our recent acquisition of Powabyke Acquisition Limited ('Powabyke'), owner of one of the UK's leading electric powered bicycle businesses, for approximately £1 million. The associated costs of the transaction have been accounted for within these results.

Powabyke is an established business and since its acquisition it has made a positive contribution enabling the group to nearly break even before finance costs and amortisation of goodwill. After overcoming initial supply problems with existing suppliers, I am very pleased to confirm that our new mark-2 xbyke that we introduced in September has been extremely well received by the trade. We have introduced major aesthetic improvements to the design and managed to keep the suggested retail price (SRP) unchanged. We are currently busy re-stocking dealers with sample stock, giving us good store presence to benefit from the seasonal uplift in the New Year. In April we announced that Powabyke Sverige AB had signed an exclusive distribution agreement to represent our brand in Sweden. We expect to make further announcements relating to other overseas territories in the near future. Powabyke sales and development of the Powabyke brand are our priority.

In July we announced that we have entered into an initial three year exclusive, agreement with Wonder EV Company to distribute its electric cars in the UK and Eire. Wonder EV Company is part of China based Wonder Group which through its subsidiary, the AIM listed China Wonder, is a significant shareholder in Metroelectric. We are looking forward to taking delivery of the first cars in the early part of 2011. We are also in advanced negotiations with other electric vehicle (EV) manufacturers to represent them in the UK too. 2011 will see significant growth in the EV sector and we are ideally networked and placed to benefit from the emerging market.



Greg Collier  
Chairman  
31 December 2010

# Metroelectric PLC

## REPORT OF THE DIRECTORS for the year ended 30 June 2010

The directors present their report together with the consolidated financial statements for the year ended 30 June 2010

### Principal activities

The principal activity of the Company is to invest or trade in eco-friendly products and technologies

### Business review

#### *Development and performance of the business*

	2010	2009
Turnover	£404,778	-
Gross profit margin	51%	-
EU grant income	£97,560	-
Loss before tax	£(51,018)	(£56,735)

As a result of a collaboration with Bath City council and a number of other parties Powabyke EV Limited has been awarded an EU grant, for the introduction of an electric bike rental scheme in the City of Bath. The first claim has been made and agreed for £97,560

#### *Position of the business*

At the end of the year, the Group net assets totalled £1,053,255 (2009 Net liabilities £824)

A detailed review of the business is contained in the Chairman's Report

### Results and dividends

The results for the group are set out in the financial statements

The directors do not recommend the payment of a dividend

### Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the trading losses incurred since incorporation

The Group meets its day to day financing through its cash reserves and shareholders' loans. As at 30 June 2009 the Group has a total of £47,932 in cash reserves. Since the year end, as detailed in note 25, an additional £70,000 has been raised in the form of shareholders' unsecured loans, and firm commitments have been received for an additional £24,000 in unsecured loans. Also a major shareholder has given an undertaking to provide additional finance of up to £150,000, if required

The Directors have prepared cash flow forecasts for the period to 31 December 2010 which assume increased sales and no unnecessary costs or expenditure. On the basis of these forecasts and the additional funding detailed in the preceding paragraph the Group is expected to continue to operate within its available financial facilities for at least the next 12 months

Whilst the Directors remain confident of continuing to operate within their current means there can be no certainty in this respect. Nevertheless, after making due and careful enquires and considering all uncertainties the Directors believe the company will continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

### Financial instruments

Details of the Group's risk management objectives and policies together with its exposure to financial risk are set out below. The purpose of the policies is to ensure that adequate cost effective funding is available to the Group and exposure to financial risk, interest rate, liquidity and credit risk is minimised

# Metroelectric PLC

## REPORT OF THE DIRECTORS for the year ended 30 June 2010 (continued)

### Principal risks and uncertainties

The Group's activities expose it primarily to the following financial risks

#### *Requirements for further funds*

There may be a requirement for the Group to raise further funds in the future in order to fund acquisitions and expansion and fund ongoing working capital requirements. Such a funding requirement may be by way of the issue of further ordinary shares or the issue of convertible loan note instruments.

#### *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. This risk is managed daily by the Group's credit control function who monitor recovery to ensure that outstanding debts are identified when these become overdue and appropriate action is taken to recover the outstanding amount. The Group had no substantial exposure to any individual third party in respect of trade receivables.

#### *Liquidity risk*

The Group's policy is to finance its operations through working capital. The Group has actively been seeking new sources of liquidity during the year, and has now entered into new loan agreements to provide sufficient funds for the foreseeable future.

#### *Interest rate and cash flow risk*

The Group has interest bearing assets and liabilities. Interest bearing assets include only cash balances which earn interest at a fixed rate. The Group monitors its interest rate risk primarily through cash flow forecasting and allocating funds to the most relevant accounts in light of forecast balances and outgoings.

### Supplier payment policy

It is the Group's policy to settle trade liabilities in accordance with the terms and conditions of each individual supplier.

The Group's trade creditor days for the year ended 30 June 2010 were 55 days (2009: 88 days). This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

### Directors

The Directors of the Company who held office during the period were as follows:

G Collier	
P Rewrie	(appointed 20 January 2010)
M Chapman	(appointed 20 January 2010)
A Gleave	(resigned 15 April 2010)

### Substantial shareholdings

Save for the holdings disclosed below the Directors are not aware of any shareholdings representing 3% or more of the issued share capital of the Company at 7 December 2010.

Shareholders	Number of shares	Shareholding %
Worship Street Investments Limited	39,500,000	10.7%
Brewin Nominees Limited (NTNL)	35,400,151	9.6%
Barclayshare Nominees Limited	26,189,103	7.1%
Brewin Nominees Limited (NTNLPEN)	26,039,833	7.0%
China Wonder Limited	25,000,000	6.7%
Lewis Charles Nominees Limited	25,000,000	6.7%
JIM Nominees Limited	19,264,100	5.2%
ODL Nominees Limited	13,000,000	3.5%
In-Solve plc	12,500,000	3.4%

# Metroelectric PLC

## REPORT OF THE DIRECTORS for the year ended 30 June 2010 (continued)

### Research and development

The group will continue its policy of investment in research and development in order to retain a competitive position in the market

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgments and estimates that are responsible and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to Auditors

In the case of each person who was a Director at the time this report was approved

- so far as that Director was aware there was no relevant available information of which the company's auditors were unaware, and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

### Auditors

The auditors Welbeck Associates, who were appointed following the resignation of White & Company (UK) Limited, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD



P Rewrie

Director

31 December 2010

# Metroelectric PLC

## Independent Auditor's Report to the Members of Metroelectric PLC

We have audited the Group and Company financial statements of Metroelectric PLC for the year ended 30 June 2010 which comprise the consolidated profit and loss account, balance sheets, cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime.



**Jonathan Bradley Hoare**  
(Senior Statutory Auditor)

For and on behalf of Welbeck Associates Chartered Accountants,  
Statutory Auditor  
31 December 2010

31 Harley Street  
London  
W1G 9QS



# Metroelectric PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 June 2010

	Note	2010 £	2009 £
Turnover		404,778	-
Cost of sales		(197,117)	(262)
<b>Gross profit/(loss)</b>		<u>207,661</u>	<u>(262)</u>
Distribution costs		(6,144)	-
Administrative expenses		(324,034)	(56,473)
EU grant income		97,560	-
Loss on disposal of fixed assets		(2,775)	-
<b>Operating loss</b>	3	<u>(27,732)</u>	<u>(56,735)</u>
Interest payable and similar charges	6	(23,286)	-
<b>Loss on ordinary activities before taxation</b>		<u>(51,018)</u>	<u>(56,735)</u>
Tax on loss on ordinary activities	7	-	-
<b>Loss for the year</b>		<u>(51,018)</u>	<u>(56,735)</u>
<b>Earnings per share (pence)</b>			
- Basic and diluted earnings per share	8	(0 017)p	(0 032)p

The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the consolidated profit and loss account

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company profit and loss account

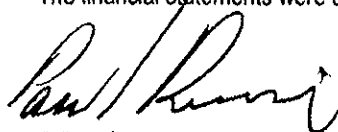
The loss for the Parent Company for the period was £79,372 (2008 £54,514)

# Metroelectric PLC

## BALANCE SHEETS as at 30 June 2010

	Notes	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
<b>Fixed assets</b>					
Goodwill	9	887,313	-	-	-
Other intangible fixed assets	10	6,700	-	-	-
Investments	11	-	984,003	-	6
Tangible assets	12	6,230	-	2,775	-
		<u>900,243</u>	<u>984,003</u>	<u>2,775</u>	<u>6</u>
<b>Current assets</b>					
Stocks	13	179,325	5,000	15,983	5,000
Debtors	14	305,925	232,749	5,627	14,494
Cash at bank and in hand		47,932	-	4,955	-
		<u>533,182</u>	<u>237,749</u>	<u>26,565</u>	<u>19,494</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(209,170)</u>	<u>(23,630)</u>	<u>(30,164)</u>	<u>(18,103)</u>
<b>Net current assets/(liabilities)</b>		324,012	214,119	(3,599)	1,391
<b>Creditors greater than one year:</b>					
Convertible loan notes	16	<u>(171,000)</u>	<u>(171,000)</u>	-	-
<b>Net assets/(liabilities)</b>		<u>1,053,255</u>	<u>1,027,122</u>	<u>(824)</u>	<u>1,397</u>
<b>Capital and reserves</b>					
Called up share capital	17	369,100	369,100	195,000	195,000
Share premium	18	930,997	930,997	-	-
Profit and loss account	18	<u>(246,842)</u>	<u>(272,975)</u>	<u>(195,824)</u>	<u>(193,603)</u>
<b>Shareholders' funds/(deficit)</b>	19	<u>1,053,255</u>	<u>1,027,122</u>	<u>(824)</u>	<u>1,397</u>

The financial statements were approved by the Board of Directors on 31 December 2010 and were signed on its behalf by



**P Rewrie**  
Director

Company registration number – 05840813 (England and Wales)

# Metroelectric PLC

## CASH FLOW STATEMENTS for the year ended 30 June 2010

	Notes	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
<b>Net cash outflow from operating activities</b>	20	(318,043)	(67,902)	(52,223)	(60,872)
<b>Returns on Investments and servicing of finance</b>					
Interest paid		(23,286)	(5,627)	-	-
<b>Net cash outflow for returns on investments and servicing of finance</b>		(23,286)	(5,627)	-	-
<b>Capital expenditure</b>					
Payments to acquire tangible assets		-	-	(3,700)	-
<b>Net cash outflow for capital expenditure</b>		-	-	(3,700)	-
<b>Acquisitions and disposals</b>					
Purchase of subsidiary undertaking		(69,000)	(69,000)	-	(6)
Loan to subsidiary undertaking		-	(216,471)	-	-
Net cash acquired with subsidiary undertakings		12,145	-	-	-
<b>Net cash inflow/(outflow) for acquisitions and disposals</b>		(56,855)	(285,471)	-	(6)
<b>Net cash outflow before management of liquid resources and financing</b>		(398,184)	(359,000)	(55,923)	(60,878)
<b>Financing</b>					
Proceeds from issue of shares		239,000	239,000	20,000	20,000
Proceeds from issue of convertible loan notes		120,000	120,000	-	-
Other new short term finance		84,661	-	-	-
Repayment of other short term loans		(2,500)	-	-	-
<b>Net cash inflow from financing</b>		441,161	359,000	20,000	20,000
<b>Net increase/(decrease) in cash in the year</b>		42,977	-	(35,923)	(40,878)
<b>Cash at beginning of year</b>		4,955	-	40,878	40,878
<b>Cash at end of year</b>		47,932	-	4,955	-

# Metroelectric PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 1 ACCOUNTING POLICIES

#### Basis of preparation

The consolidated financial statements are prepared under the historical cost convention. The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the trading losses incurred since incorporation.

The Group meets its day to day financing through its cash reserves and shareholders' loans. As at 30 June 2009 the Group has a total of £47,932 in cash reserves. Since the year end, as detailed in note 25, an additional £70,000 has been raised in the form of shareholders' unsecured loans, and firm commitments have been received for an additional £24,000 in unsecured loans. Also a major shareholder has committed to provide additional finance of up to £150,000, if required.

The Directors have prepared cash flow forecasts for the period to 31 December 2010 which assume increased sales and no unnecessary costs or expenditure. On the basis of these forecasts and the additional funding detailed in the preceding paragraph the Group is expected to continue to operate within its available financial facilities for at least the next 12 months.

Whilst the Directors remain confident of continuing to operate within their current means there can be no certainty in this respect. Nevertheless, after making due and careful enquiries and considering all uncertainties the Directors believe the company will continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### Consolidation

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The financial statements have been prepared under historical cost convention. The entities that have been consolidated within these financial statements include:

Entity name	Principal activity	Domicile	Ownership
Powerbyke EV Limited	Supply and distribution of electric powered bicycles	England	100%
Metro Cars Limited	Supply and distribution of electric motor vehicles	England	100%
Metro Vans Limited	Dormant	England	100%
Park Electric Limited	Dormant	England	100%

# Metroelectric PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### Revenue recognition

Revenue represents the amounts derived from the sale of goods during the year stated net of Value Added Tax. Sales are recognised in the profit and loss account and recorded as sales upon the delivery of goods to customers.

### 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. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic segments.

### Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Group is expected to benefit.

### Investments

Fixed asset investments are stated at cost less provision for diminution in value.

### Tangible fixed assets

Fixed assets are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such costs include the cost of replacing part of the asset when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful life of the assets, which are as follows:

Furniture and equipment -	20%
Vehicles and machinery -	25%

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

### Goodwill

Goodwill arising on consolidation as a result of the acquisition of a business in December 2009, is capitalised in the balance sheet and amortised on a straight line basis over its useful economic life, up to a maximum of 20 years. Provision is made for any impairment.

### Other intangible fixed assets

Other intangibles comprise Trade Marks and Patents. Only those intangible assets which are acquired in a business combination are capitalised, and only if all of the following conditions are met:

- the asset can be identified
- it is probable that the asset will generate future economic benefits
- the fair value of the asset can be measured reliably

These are amortised on a straight-line basis over their useful lives. At each balance sheet date management considers impairment of other intangibles.

### Stock

Stock is valued at the lower of cost and net realisable value.

# **Metroelectric PLC**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010**

### **Taxation**

The charge for taxation is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

### **Deferred taxation**

Deferred taxation is provided on the comprehensive basis computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# Metroelectric PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 2 Segmental analysis

There is no segmental area of operations, as the directors consider that the Group's operations comprise one business segment, that of the investment or acquisition in businesses or companies within the eco-friendly technology sector. The disclosures for this primary segment are therefore given by the primary financial statements and related notes. All income and trading activity currently arises in the United Kingdom.

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2010	2009
	£	£
Operating lease rentals	29,200	-
Auditors' remuneration		
- audit services	13,000	4,025
Depreciation of tangible assets		
- owned assets	1,550	925
Amortisation of goodwill	22,750	-
Amortisation of other intangible fixed assets	300	-
Loss on disposal of fixed assets	2,775	-
Adviser and listing fees	5,000	16,627

### 4 Particulars of employees

	2010	2009
	£	£
Wages and salaries	75,522	24,000
Social security costs	7,175	-
	<u>82,697</u>	<u>24,000</u>

### 5 Directors' remuneration

The directors' remuneration for the year is as follows

	2010	2009
	£	£
Directors' remuneration (including benefits in kind)	29,430	24,000
	<u>29,430</u>	<u>24,000</u>

### 6 Interest payable and similar charges

	2010	2009
	£	£
Factoring finance charges	10,659	-
Interest on convertible loan notes	5,627	-
Interest on other loans	7,000	-
	<u>23,286</u>	<u>-</u>

# Metroelectric PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 7 Taxation

	2010 £	2009 £
Current tax charge	-	-
	<u>-</u>	<u>-</u>

No provision for tax has been made as the Group has estimated tax losses of £245,000 (2009 £198,000). The deferred tax asset arising on these losses has not been provided as the directors cannot satisfy themselves that the losses will be relieved within the next 12 months.

### 8 Earnings per share

	2010	2009
Basic and fully diluted earnings per share	(0.017p)	(0.032p)
<b>Earnings</b>		
Losses for the purposes of basic and fully diluted earnings per share	(51,018)	(56,735)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	298,891,457	177,575,342

The effect of conversion into ordinary shares of warrants is anti-dilutive when the Company has made a loss and so is disregarded. As the Company made a loss in both 2009 and 2010 the basic and diluted loss per share is the same for each of the two years.

### 9 Goodwill

	£
Cost brought forward	-
Additions	910,063
Amortisation for the period	(22,750)
Net book value carried forward	<u>887,313</u>

### 10 Other intangible fixed assets

	£
<b>Trade marks &amp; patents.</b>	
Cost brought forward	-
Acquired on acquisition of subsidiary	7,000
Amortisation for the period	(300)
Net book value carried forward	<u>6,700</u>



# Metroelectric PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 11 Investments

#### Company

	£
<b>Cost</b>	
Cost and net book value brought forward	6
Additions	983,997
Cost and net book value carried forward	<u>984,003</u>

Investments in group undertakings are stated at cost

At 30 June 2010 details of the Group's subsidiary companies were as follows

Name of company	Nature of business	Country of incorporation	Holding	% voting rights and shares held
Powerbyke EV Limited	Supply and distribution of electric powered bicycles	England	Ordinary	100%
Metro Cars Limited	Supply and distribution of electric cars	England	Ordinary	100%
Metro Vans Limited	Dormant	England	Ordinary	100%
Park Electric Limited	Dormant	England	Ordinary	100%

### 12 Tangible fixed assets

#### Group

	Motor vehicles	Furniture and equipment £	Total £
<b>Cost</b>			
As at 1 July 2009	3,700	-	3,700
On acquisition of subsidiary	-	7,780	7,780
Disposals	(3,700)	-	(3,700)
As at 30 June 2010	<u>-</u>	<u>7,780</u>	<u>7,780</u>
<b>Depreciation</b>			
As at 1 July 2009	925	-	925
Charge for the year	-	1,550	1,550
Disposals	(925)	-	(925)
As at 30 June 2010	<u>-</u>	<u>1,550</u>	<u>1,550</u>
<b>Net book value</b>			
As at 30 June 2010	<u>-</u>	<u>6,230</u>	<u>6,230</u>
As at 30 June 2009	<u>2,775</u>	<u>-</u>	<u>2,775</u>

The Company held no fixed assets during the year

### 13 Stocks

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Finished goods and goods for resale	179,325	5,000	15,983	5,000

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### 14 Debtors

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade debtors	128,916	-	-	-
Amounts owed by subsidiary undertakings	-	228,194	-	9,623
EU grant receivable	97,560	-	-	-
Deposits on goods to be delivered	56,973	-	-	-
Other debtors	14,631	1,500	756	-
Prepayments and accrued income	7,845	3,055	4,871	4,871
	<u>305,925</u>	<u>232,749</u>	<u>5,627</u>	<u>14,494</u>

### 15 Creditors: Amounts falling due within one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade creditors	58,002	490	13,668	1,607
Short term finance – secured (see below)	94,661	-	-	-
Taxation and social security	23,692	-	-	-
Other creditors	11,488	1,813	758	758
Accruals and deferred income	21,327	21,327	15,738	15,738
	<u>209,170</u>	<u>23,630</u>	<u>30,164</u>	<u>18,103</u>

Short term finance is a debt finance arrangement under which outstanding amounts are secured on trade debtors

### 16 Convertible loan notes

	2010 £	2009 £
Balance at 1 July	-	-
Issued in period	171,000	-
Balance at 30 June	<u>171,000</u>	<u>-</u>

The convertible loan notes were issued in two tranches

- £51,000 were issued on 1 January 2010
- £120,000 were issued on 8 March 2010

The convertible loan notes are interest bearing at the rate of 12% per annum, payable quarterly on 31 March, 30 June, 30 September and 31 December, and are convertible at 15p per share at any time between the third anniversary of the date of issue and the ultimate redemption date, being the fifth anniversary of the date of issue

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### 17 Called up share capital

	2010 £	2009 £
<b>Allotted and fully paid</b>		
369,099,640 (2009 195,000,000) ordinary shares of 0 1p each	369,100	195,000
	<u>369,100</u>	<u>195,000</u>

On 1 October 2009, 25,000,000 ordinary shares were issued at par on the conversion of warrants

On 6 November 2009, 25,000,000 ordinary shares were issued at par on the conversion of warrants

On 21 December 2009, 107,999,640 ordinary shares were issued at 0 8p each in respect of the acquisition of Powerbyke EV Limited

On 21 December 2009, 25,000,000 ordinary shares were issued at 0 8p each for cash

On 21 December 2009, 2,100,000 ordinary shares were issued at par in lieu of remuneration

On 10 March 2010, 9,000,000 ordinary shares were issued at par on the conversion of warrants

In respect of the shares issued for cash on 21 December 2009 the subscriber was granted warrants for 35,000,000 shares, exercisable at 0 8p per share at any time within three years of the date of grant

### 18 Statement of movement in reserves

#### Group

	Share premium £	Profit and loss account £	Total £
Balance at 1 July 2009	-	(195,824)	(195,824)
Loss for the year	-	(51,018)	(51,018)
Premium on shares issued during the year	930,997	-	930,997
Balance at 30 June 2010	<u>930,997</u>	<u>(246,842)</u>	<u>684,155</u>

#### Company

	Share premium £	Profit and loss account £	Total £
Balance at 1 July 2009	-	(193,603)	(193,603)
Loss for the year	-	(79,372)	(79,372)
Premium on shares issued during the year	930,997	-	930,997
Balance at 30 June 2010	<u>930,997</u>	<u>(272,975)</u>	<u>658,022</u>

### 19 Reconciliation of movements in shareholders' funds

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Loss for the financial year	(51,018)	(79,372)	(56,735)	(54,514)
Proceeds from issue of shares	1,105,097	1,105,097	20,000	20,000
Net addition to/(depletion in) shareholders' funds	<u>1,054,079</u>	<u>1,025,725</u>	<u>(36,735)</u>	<u>(34,514)</u>
Opening shareholders' funds	(824)	1,397	35,911	35,911
Closing shareholders' funds	<u>1,053,255</u>	<u>1,027,122</u>	<u>(824)</u>	<u>1,397</u>

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### 20 Reconciliation of operating loss to net cash outflow from operations

	Group 2010	Company 2010	Group 2009	Company 2009
	£	£	£	£
Operating loss	(27,732)	(73,745)	(56,735)	(54,514)
Depreciation of tangible assets	1,550	-	925	-
Amortisation of goodwill and other intangible assets	23,050	-	-	-
Loss on disposal of fixed assets	2,775	-	-	-
Increase in stocks	(15,142)	-	(10,983)	-
(Increase)/decrease in debtors	(284,318)	316	5,304	5,310
(Decrease)/increase in creditors within one year	(18,226)	5,527	9,266	(11,668)
<b>Net cash outflow from operating activities</b>	<b>(318,043)</b>	<b>(67,902)</b>	<b>(52,223)</b>	<b>(60,872)</b>

### 21 Analysis of net funds/net debt

	1 July 2009	Cash flow	Other non-cash changes	30 June 2010
	£	£	£	£
Net cash				
Cash at bank and in hand	4,955	42,977	-	47,932
Debt				
Falling due within one year	-	(94,661)	-	(94,661)
Falling due after one year	-	(171,000)	-	(171,000)
<b>Net funds/(net debt)</b>	<b>4,955</b>	<b>(222,684)</b>	<b>-</b>	<b>(217,729)</b>

### 22 Reconciliation of net cash flow to movement in net funds

	Group 2010	Company 2010	Group 2009	Company 2009
	£	£		
Increase/(decrease) in cash in the year	42,977	-	(35,923)	(40,878)
Increase in debt in the year	(265,661)	(171,000)	-	-
<b>Movement in net funds in the year</b>	<b>(222,684)</b>	<b>(171,000)</b>	<b>(35,923)</b>	<b>(40,878)</b>
Opening net cash	4,955	-	40,878	40,878
<b>Closing net (debt)/funds</b>	<b>(217,729)</b>	<b>(171,000)</b>	<b>4,955</b>	<b>-</b>

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 23 Related party transactions

- Powabyke EV Limited was in receipt of an unsecured loan of £10,000 from Mr G Collier bearing interest at 12% per annum which was outstanding at the year end
- 2,100,000 shares were issued to Mr G Collier at par in December 2009, in lieu of remuneration
- Paul Rewrie Limited, a company controlled by Mr P Rewrie, invoiced the Group £6,551 in respect of accounting and administration services £1,529 was outstanding at the year end

### 24 Ultimate controlling party

The Directors consider that there is no ultimate controlling party

### 25 Post balance sheet events

- On 23 December 2010 the Company was in receipt of a 12 month unsecured loan of £50,000 from a director, bearing interest at 15% per annum
- On 24 December 2010 the Company was in receipt of a 12 month unsecured loan of £20,000 from a director, bearing interest at 12% per annum