Metroelectric PLC

Annual Report and Financial Statements for the Year Ended 30 June 2012

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

Metroelectric PLC

COMPANY INFORMATION

Directors	G Collier (Executive Chairman) M Chapman
Secretary	Nominee Secretaries Limited
Registered Office	6a High Street Stanstead Abbotts Hertfordshire SG12 6AB
Auditors	Welbeck Associates Chartered Accountants & Registered Auditors 31 Harley Street London W1G 9QS
Registrars	Share Registrars Limited First floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
ISDX Corporate Adviser	Peterhouse Corporate Finance 31 Lombard Street London EC3V 9BQ

Metroelectric PLC

Metroelectric PLC

Chairman's Statement for the year ended 30 June 2012

INTRODUCTION

The Board is pleased to present the results of the Group for the year ended 30th June 2012.

RESULTS

During the reporting period, the Company made a loss for the year to 30 June 2012 of £295,527 (2011: £1,277,427). The loss per ordinary share for the year was 0.061p (2011: 0.342p). Sales have been significantly affected by difficult economic conditions and an exceptionally dull and wet summer in the UK.. Product development has also been limited by the Company's cash position during the year. The Board has worked tirelessly during the year to consolidate the Company's debt position, the results of which will only fully be reflected in next year's results.

Following Paul Rewrie's departure from the Board in January, the Company has undertaken a review of its financial position and has taken steps to improve the Company's balance sheet. The steps taken to streamline the business' fixed costs have significantly reduced the loss before taxation to £295,527, compared to £1,277,427(loss) in the previous year.

POST BALANCE SHEET EVENTS

On 17th July 2012 the Company announced that it has entered into an initial five year, exclusive agreement with Jinhua Xiongying Electric Vehicle Manufacturer Ltd ("Jinhua") to distribute its electric bikes, trikes and folding bikes in the UK and Eire. Jinhua manufacture a wide range of innovative electric bikes, currently known as eRolling Bikes.

On the 2nd August 2012 the Company announced it had settled £309,000 of convertible loan notes, issued by the Company, into equity, clearing the majority of the long term debt of the Company.

On the 5th November 2012, Metroelectric sold a 30% stake in Powabyke EV Ltd, its trading subsidiary, to the Green Automotive Company Corporation ("GACR"), for 1,050,000 GACR ordinary shares. GACR shares are traded on the OTC Market Tier--OTC Pink Current under the ticker "GACR".

At the same time, the Company also signed a management contract with Liberty Electric Cars Ltd ("Liberty"), a wholly owned subsidiary of GACR, for the UK distribution of the Metroelectric's range of electric bikes under the Powabyke and eRolling brand. Under the agreement, Liberty assumes full responsibility for the distribution, management and control of the Powabyke business in the UK and Eire. Consequently, the heads of term agreement between the Company and Eveport Limited was terminated. On 7 November 2012, Metroelectric acquired Eveport Ltd and assumed control of client management and accounting systems which will assist in the distribution of Powabyke products.

On the 7th November 2012 the Company raised £250,000 through the issuance of convertible loan notes. These funds will be used to settle outstanding liabilities of the Company and to provide working capital going forward.

The Board sees the restructuring of the Company's financial position during the past year as an essential part of the process of getting Metroelectric back to profitability. We continue to actively seek new partners to represent the Powabyke brand worldwide. The Board will continue to work hard to strengthen the balance sheet of the Company and further develop the Powabyke brand in the hope of creating value for Shareholders in the future.

Greg Collier
Chairman
Metroelectric plc
29 November 2012

REPORT OF THE DIRECTORS for the year ended 30 June 2012

The directors present their annual report together with the consolidated financial statements for the year ended 30 June 2012.

Principal activities

The principal activity of the Group is the supply and distribution of electric vehicles.

Business review

Development and performance of the business

The financial year to 30 June 2012 has been challenging with pressure on margins and supply issues, one of the main reasons being the adverse weather conditions which have contributed to the reduction in turnover. There were also issues regarding the onerous terms of agreements with key customers which contributed to the negative gross margin. However, these issues were resolved towards the end of 2011 and as such the group achieved a gross profit of £38,310 in the 6 months ending 30 June 2012.

The directors having reviewed the business strategy have recently decided not to proceed with the licence agreement with Eveport Limited instead deciding to acquire Eveport and assuming control of the company's operations. Operating costs and long term debt has been significantly reduced during the year as the goal of the directors was to improve the financial position of the Group.

Key performance indicators

As the company is in an early stage of development the board considers reduction in the loss before tax and gross margin as key targets. No individual key performance indicator, or group thereof, is regarded as more important than informed background knowledge of the underlying businesses.

	2012	2011
Turnover	£226,619	£613,127
Gross margin	(9.6%)	(2.9%)
Loss before tax	£(295,527)	£(1,277,427)
Share price	0.27p	0.775p

Position of the business

At the end of the year, the Group had net liabilities of £52,488 (2011: Net assets of £20,539).

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

Results and dividends

The Group's loss for the year from continuing and total operations was £295,527 (2011: £1,277,427)

The directors do not recommend the payment of a dividend (2011: £nil)

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 2012 the Group has a total of £399 in cash reserves. However, its Creditors less than one year are £386,224 and it has net current liabilities of £293,724. Subsequent to the year end the Group has issued equity in settlement of £309,000 of convertible loan notes. In addition the Group has raised £250,000 through the issuance of convertible loan notes. These funds will be used to settle outstanding liabilities and to provide working capital for the Group.

The Directors have prepared cash flow forecasts for the period to 31 December 2013 which assumes an increase in royalty income 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. The going concern basis is dependent upon the company meeting its forecasts for 2013 and if it does not meet these forecasts further finance will need to be raised which may not be forthcoming. The forecasts assume an increase in non-UK sales.

Whilst the Directors remain confident of continuing as a going concern, this is dependent on their ability to manage funding raised post year end, operate within their budget and meet sales forecasts and 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.

REPORT OF THE DIRECTORS for the year ended 30 June 2012 (continued)

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.

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 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 secured new loan agreements and continues to seek additional sources of finance 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 2012 were 71 days (2011: 45 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	
M Chapman	
P Rewrie	Resigned 6 January 2012

REPORT OF THE DIRECTORS for the year ended 30 June 2012 (continued)

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 1 October 2012.

Shareholders	Number of shares	Shareholding %
Brewin Nominees Limited	141,141,604	15.5%
Mayfair International FZC	136,555,817	15.0%
W B Nominees Limited	106,136,335	11.7%
Jim Nominees Limited	105,460,608	11.6%
Manilva Investments Limited	70,000,000	7.7%
Lawshare Nominees Limited	52,360,000	5.7%
Athol Gold and Value Limited	39,500,000	4.3%
Barclayshare Nominees Limited	36,679,795	4.0%
Redmayne Nominees Limited	30,218,488	3.3%

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 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.

REPORT OF THE DIRECTORS for the year ended 30 June 2012 (continued)

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 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

Greg Collier
Chairman
5 December 2012

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 2012 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

A description of the scope of an audit of financial statements is provided on the APB's website at: www.frc.org.uk/apb/scope/private.cfm.

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 2012 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £295,527 during the year ended 30th June 2012 and, at that date, the Group has net liabilities of £52,488 and net current liabilities of £293,724. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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, Registered Auditor
31 Harley Street
London
W1G 9QS

5 December 2012

Metroelectric PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 June 2012

	Note	2012 £	2011 £
Turnover		**226,619**	613,127
Cost of sales		**(248,295)**	(630,937)
		(21,676)	(17,810)
EU grant income		**-**	13,189
Administrative expenses		**(233,626)**	(644,240)
Impairment of goodwill		**-**	(432,396)
Operating loss	3	**(255,302)**	(1,081,257)
Interest payable and similar charges	6	**(40,225)**	(196,170)
Loss on ordinary activities before taxation		**(295,527)**	(1,277,427)
Tax on loss on ordinary activities	7	**-**	-
Loss for the year		**(295,527)**	(1,277,427)
Earnings per share (pence)			
Basic and diluted earnings per share	8	**(0.061)p**	(0.342)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 £101,916 (2011: £1,344,606).

Metroelectric PLC

CONSOLIDATED BALANCE SHEET as at 30 June 2012

.	Notes	2012 £	2011 £
Fixed assets			
Goodwill	9	421,917	443,917
Other intangible fixed assets	10	13,840	16,264
		435,757	460,181
Current assets			
Stocks	12	64,653	115,875
Debtors	13	27,448	352,945
Cash at bank and in hand		399	15,098
		92,500	483,918
Creditors: Amounts falling due within one year	14	(386,224)	(733,409)
Net current (liabilities)		(293,724)	(249,491)
Creditors greater than one year:			
Convertible loan notes	15	(194,521)	(190,151)
Net (liabilities)/assets		(52,488)	20,539
Capital and reserves			
Called up share capital	16	602,011	379,511
Share premium	17	1,010,586	1,010,586
Loan note holders reserve	15	22,471	22,471
Share option reserve	17	132,240	132,240
Profit and loss account	18	(1,819,796)	(1,524,269)
Shareholders' (deficit)/funds		(52,488)	20,539

The financial statements were approved by the Board of Directors on 5 December 2012 and were signed on its behalf by:

Greg Collier
Chairman

Company registration number – 05840813 (England and Wales)

Metroelectric PLC

COMPANY BALANCE SHEET as at 30 June 2012

.	Notes	2012 £	2011 £
Fixed assets			
Investments	11	450,000	450,000
		450,000	450,000
Current assets			
Debtors	13	13,470	20,739
Cash at bank and in hand		62	1,767
		13,532	22,506
Creditors: Amounts falling due within one year	14	(221,200)	(355,128)
Net current (liabilities)		(207,668)	(332,622)
Creditors greater than one year:			
Convertible loan notes	15	(194,521)	(190,151)
Net assets/(liabilities)		47,811	(72,773)
Capital and reserves			
Called up share capital	16	602,011	379,511
Share premium	17	1,010,586	1,010,586
Loan note holders reserve	15	22,471	22,471
Share option reserve	17	132,240	132,240
Profit and loss account	18	(1,719,497)	(1,617,581)
Shareholders' funds/(deficit)		47,811	(72,773)

The financial statements were approved by the Board of Directors on 5 December 2012 and were signed on its behalf by:

Greg Collier
Chairman

Company registration number – 05840813 (England and Wales)

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	19	65,226	(282,327)
Returns on investments and servicing of finance			
Interest paid		(35,855)	(184,548)
Net cash (outflow) for returns on investments and servicing of finance		(35,855)	(184,548)
Capital expenditure			
Payments to acquire intangible assets		-	(5,313)
Net cash outflow for capital expenditure		-	(5,313)
Net cash inflow / (outflow) before management of liquid resources and financing		29,371	(472,188)
Financing			
Proceeds from issue of shares		100,000	90,000
Proceeds from issue of convertible loan notes		-	30,000
Short term financing		106,000	319,354
Repayment of other short term loans		(250,070)	-
Net cash (outflow)/inflow from financing		(44,070)	439,354
Net decrease in cash in the year	22	(14,699)	(32,834)
Cash at beginning of year	20	15,098	47,932
Cash at end of year	20	399	15,098

COMPANY FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 £	2011 £
Net cash outflow from operating activities	19	(48,724)	15,994
Returns on investments and servicing of finance			
Interest paid		(26,446)	(124,950)
Net cash outflow for returns on investments and servicing of finance		(26,446)	(124,950)
Acquisitions and disposals			
Loan to subsidiary undertaking		-	(264,312)
Net cash inflow/(outflow) for acquisitions and disposals		-	(264,312)
Net cash outflow before management of liquid resources and financing		(75,170)	(373,268)
Financing			
Proceeds from issue of shares		100,000	90,000
Proceeds from issue of convertible loan notes		-	30,000
Short term financing		106,000	255,035
Repayment of other short term loans		(132,535)	-
Net cash inflow from financing		73,465	375,035
Net increase/(decrease) in cash in the year	21	(1,705)	1,767
Cash at beginning of year	21	1,767	-
Cash at end of year		62	1,767

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 2012 the Group has a total of £399 in cash reserves. However, its Creditors less than one year are £386,224 and it has net current liabilities of £293,724. Subsequent to the year end the Group has issued equity in settlement of £309,000 of convertible loan notes. In addition the Group has raised £250,000 through the issuance of convertible loan notes. These funds will be used to settle outstanding liabilities and to provide working capital for the Group.

The Directors have prepared cash flow forecasts for the period to 31 December 2013 which assumes an increase in royalty income 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. The going concern basis is dependent upon the company meeting its forecasts for 2013 and if it does not meet these forecasts further finance will need to be raised which may not be forthcoming. The forecasts assume an increase and growth in non-UK sales.

Whilst the Directors remain confident of continuing as a going concern, this is dependent on their ability to manage funding raised post year end, operate within their budget and meeting sales forecasts and 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
Powabyke EV Limited	Supply and distribution of electric powered bicycles	England	100%
Metro Cars Limited	Dormant	England	100%

Metro Cars Limited was dissolved on 3 July 2012.

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. Licence fees are included within Sales and are recognised in full, net of any provisions, in the year in which the agreement is signed. Any royalties due as part of these agreements are recognised as and when they fall due.

Government and EU grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute. To the extent that grants are received as a contribution towards specific expenditure on fixed assets, they are recognised over the useful economic lives of the related assets. Grants received to reimburse costs already incurred are recognised in the profit and loss account in the period in which they become receivable.

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 probably that the asset will generate future economic benefits
- the fair value of the asset can be measure reliably

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

Stock

Stock is valued at the lower of cost and net realisable value and includes both finished goods and goods in transit. The goods in transit make up a large portion of the total stock at any point in time during the year. Stock is only recognised as 'in transit' once payment has been made to the supplier. This is because the legal title only transfers to the company once payment has been made.

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 is 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.

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.

Share based payments

The cost of share-based employee compensation arrangements whereby employees receive remuneration in the form of shares or share options is recognised as an employee benefit expense in the income statement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The assumptions underlying the number of awards expected to vest are subsequently adjusted for the effects of non market-based vesting to reflect the conditions prevailing at the balance sheet date. Fair value is measured by the use of the Black-Scholes model. The expected life used in the model has been adjusted based on management's best estimate for the effects of the non-transferability exercise restrictions and behavioural considerations.

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 of 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 loss

Operating loss is stated after charging:

	2012 £	2011 £
Auditors' remuneration:		
- audit services	**15,000**	17,500
Amortisation of goodwill	**22,000**	11,000
Amortisation of other intangible fixed assets	**2,424**	1,979
Impairment of goodwill	**-**	432,396

4 Particulars of employees

The average number of employees, including executive directors, was 5 (2011: 7)

	2012 £	2011 £
Wages and salaries	**70,067**	146,516
Social security costs	**3,481**	12,397
	73,548	158,913

5 Directors' remuneration

The directors' remuneration for the year is as follows:

	2012 £	2011 £
Directors' remuneration (including benefits in kind)	**34,695**	29,000
Equity settled share based payment cost	**-**	110,200
	34,695	139,200

6 Interest payable and similar charges

	2012 £	2011 £
Factoring finance charges	**6,659**	45,798
Interest on convertible loan notes	**28,490**	35,742
Interest on other loans	**5,076**	114,630
	40,225	196,170

7 Taxation

	2012 £	2011 £
UK corporation tax credit on loss for the year	-	-
Tax on loss on ordinary activities	-	-
Loss on ordinary activities before tax	(295,527)	(1,277,427)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2011: 21%)	(61,322)	(268,260)
Effects of:		
Expenses not deductible for tax purposes	5,068	2,625
Unutilised tax losses	56,254	265,635
Current tax credit for the year	-	-

No provision for tax has been made as the Group has estimated tax losses of £1,670,000 (2011: £1,380,000). 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

	2012 £	2011 £
Basic and fully diluted loss per share	(0.061p)	(0.342p)
Earnings		
Losses for the purposes of basic and fully diluted earnings per share	(295,527)	(1,277,427)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	483,782,238	373,854,542

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 2011 and 2012 the basic and diluted loss per share is the same for each of the two years.

9 Goodwill

	£
Cost at 1 July 2011 and 30 June 2012	910,063
Amortisation and impairment at 1 July 2011	466,146
Amortisation for the period	22,000
Amortisation and impairment at 30 June 2012	488,146
Net book value at 30 June 2012	421,917
Net Book value at 30 June 2011	443,917

The goodwill in the group arose on the acquisition of the trading subsidiary, Powabyke EV Limited. Due to the underperformance of Powabyke EV an impairment was recorded in the prior year. Though there are still losses in the current year the Directors decided that the value of goodwill should not be written down in the current year, to reflect the future value of the subsidiary.

10 Other intangible fixed assets

	£
Group	
Trade marks & patents:	
Cost at 1 July 2011 and 30 June 2012	20,093
Amortisation at 1 July 2011	3,829
Amortisation for the period	2,424
Amortisation at 30 June 2012	6,253
Net book value at 30 June 2012	13,840
Net book value at 30 June 2011	16,264

11 Investments

Company

	£
Cost at 1 July 2011	984,003
Provision for diminution in value in prior year	(534,003)
Net book value at 30 June 2012	450,000
Net book value at 30 June 2011	450,000

Investments in group undertakings are stated at cost less provision for diminution in value.

At 30 June 2012 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
Powabyke EV Limited	Supply and distribution of electric powered bicycles	England	Ordinary	100%
Metro Cars Limited	Dormant	England	Ordinary	100%

Metro Cars Limited was dissolved on 3 July 2012.

12 Stocks

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Finished goods and goods for resale	**64,653**	115,875	**-**	-

13 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	**1,582**	133,806	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**10,111**	17,459
EU grant receivable	**-**	110,749	**-**	-
Other debtors	**22,507**	104,735	**-**	-
Prepayments and accrued income	**3,359**	3,655	**3,359**	3,280
	27,448	352,945	**13,470**	20,739

14 Creditors: Amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade creditors	**48,144**	39,588	**9,220**	490
Short term trade finance – secured (see Note 1 below)	**-**	158,980	**-**	-
Other short term trade finance – secured (see Note 2 below)	**-**	120,000	**-**	120,000
Other short term secured finance (see Note 3 below)	**106,000**	-	**106,000**	-
Other short term unsecured finance	**41,445**	135,035	**-**	135,035
Taxation and social security	**70,876**	59,006	**-**	-
Other creditors	**11,779**	38,334	**-**	1,807
Accruals and deferred income	**107,980**	182,466	**105,980**	97,796
	386,224	733,409	**221,200**	355,128

Note 1 Short term trade finance was a debt finance arrangement under which outstanding amounts are secured on the trade debtors of Powabyke EV Limited.

Note 2 Other short term trade finance was secured by a floating charge on the assets of Metroelectric plc and Powabyke EV Limited.

Note 3 Other short term secured finance is secured by the assets of Metroelectric plc with interest payable at 6%

15 Convertible loan notes

The bonds contain two components liability and equity elements. The equity element is presented as loan note holders reserve, representing the fair value of the embedded option to convert the liability into equity of the Group, and the loan notes in issue at 30 June 2012 have been adjusted in this respect, as follows:

	2012 £	2011 £
Liability component at beginning of period	**190,151**	171,000
Nominal value of loan notes issued	**-**	30,000
Equity component	**-**	(22,471)
Adjusted liability component at date of issue	**190,151**	178,529
Interest charged	**28,490**	35,742
Interest paid	**(24,120)**	(24,120)
Liability component at end of period	**194,521**	190,151
Total equity component	**22,471**	22,471

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 1.5p per share at any time prior to redemption.

The actual interest charged for the year is calculated by applying an effective interest rate of 20% to the liability component for the period since the loan notes were issued.

The Directors estimate the fair value of the liability component of the loan notes at 30 June 2012 to be approximately £194,521. This fair value has been calculated by discounting the future cash flows at the estimated market rate of 20%.

16 Called up share capital

	2012 £	2011 £
Allotted and fully paid		
602,011,405 (2011: 379,511,405) ordinary shares of 0.1p each	**602,011**	379,511
	602,011	379,511

On 1 December 2011, 100,000,000 ordinary shares were issued for cash at 0.1p per share.

On 14 February 2012, 122,500,000 ordinary shares were issued at 0.1p per share to settle an outstanding loan with Ashwillow Limited.

17 Statement of movement in reserves

Group

	Share premium	Loan note holders reserve	Option reserve	Profit and loss account	Total
	£	£	£	£	£
Balance at 1 July 2011	1,010,586	22,471	132,240	(1,524,269)	(358,972)
Loss for the year	-	-	-	(295,527)	(295,527)
Balance at 30 June 2012	1,010,586	22,471	132,240	(1,819,796)	(654,499)

Company

	Share premium	Loan note holders reserve	Option reserve	Profit and loss account	Total
	£	£	£	£	£
Balance at 1 July 2011	1,010,586	22,471	132,240	(1,617,581)	(452,284)
Loss for the year	-	-	-	(101,916)	(101,916)
Balance at 30 June 2012	1,010,586	22,471	132,240	(1,719,497)	(554,200)

18 Reconciliation of movements in shareholders' funds

	Group 2012	Group 2011	Company 2012	Company 2011
	£	£	£	£
Loss for the financial year	**(295,527)**	(1,277,427)	**(101,916)**	(1,344,606)
Proceeds from issue of shares	**222,500**	90,000	**222,500**	90,000
Loan note and share option reserves	**-**	154,711	**-**	154,711
Net (depletion in)/addition to shareholders' funds	**(73,027)**	(1,032,716)	**120,584**	(1,099,895)
Opening shareholders' funds	**20,539**	1,053,255	**(72,773)**	1,027,122
Closing shareholders' funds	**(52,488)**	20,539	**47,811**	(72,773)

19 Reconciliation of operating loss to net cash outflow from operations

	Group 2012	Group 2011	Company 2012	Company 2011
	£	£	£	£
Operating loss	**(255,302)**	(1,081,257)	**(71,100)**	(1,208,034)
Share based payment expense	**-**	132,240	**-**	132,240
Amortisation of goodwill and other intangible assets	**24,424**	12,979	**-**	-
Impairment of goodwill	**-**	432,396	**-**	-
Provision for diminution in value of investment	**-**	-	**-**	534,003
Inter-company loan provision	**-**	-	**-**	475,047
Decrease in stocks	**51,222**	63,450	**-**	5,000
Decrease/(Increase) in debtors	**325,497**	(47,020)	**7,269**	1,275
(Decrease)/Increase in creditors within one year	**(80,615)**	204,885	**15,107**	76,463
Net cash inflow / (outflow)from operating activities	**65,226**	(282,327)	**(48,724)**	15,994

20 Analysis of net funds/net debt

	1 July 2011	Cash flow	Other non-cash changes	30 June 2012
	£	£	£	£
Net cash:				
Cash at bank and in hand	15,098	(14,699)	-	399
	15,098	(14,699)	-	399
Debt:				
Falling due within one year	(414,015)	266,570	-	(147,445)
Falling due after one year	(190,151)	(4,370)	-	(194,521)
Net funds/(net debt)	(589,068)	247,501	-	(341,567)

21 Reconciliation of net cash flow to movement in net funds

	Group 2012	Group 2011	Company 2012	Company 2011
	£		£	
Increase/(decrease) in cash in the year	**(14,699)**	(32,834)	**(1,705)**	1,767
(Increase)/decrease in debt in the year	**262,200**	(349,354)	**144,665**	(274,186)
Movement in net funds in the year	**247,501**	(382,188)	**142,960**	(272,419)
Opening net debt	**(589,068)**	(217,729)	**(443,419)**	(171,000)
Closing net debt	**(341,567)**	(589,068)	**(300,459)**	(443,419)

22 Share based payments

On 30 November 2010 the Company granted share options totalling 30,000,000 shares to directors and key executives. The options, exercisable at 0.5p per share, vested on the date of grant and have a contractual life of 10 years.

A summary of the options outstanding during the year is shown below.

	No of options	Exercise price
Outstanding at the beginning of the year	30,000,000	0.5p
Outstanding at the end of the year	30,000,000	0.5p
Exercisable at the end of the year	30,000,000	0.5p

The value of the options granted during the year has been measured by the use of the Black-Scholes pricing model. The inputs into the model were as follows:

Share price at grant date	0.8p
Exercise price	0.5p
Volatility	40%
Expected life	5 years
Risk free rate	3%
Expected dividend yield	0%

Expected volatility rate used was the estimated weighted average volatility of the share prices of comparable companies listed on the ISDX market. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability exercise restrictions and behavioural considerations.

The Group recognised total expenses of £nil (2011: £132,240) related to equity-settled share-based payment transactions in the year to 30 June 2012.

23 Related party transactions

During the year accounting services were provided by Paul Rewrie Limited, a company controlled by Mr P Rewrie. As of the year end there are no amounts outstanding.

24 Ultimate controlling party

The Directors consider that there is no ultimate controlling party.

25 Post balance sheet events

- On 17 July 2012 the Company announced that it has entered into an initial five year, exclusive agreement with Jinhua Xiongying Electric Vehicle Manufacturer Ltd ("Jinhua") to distribute its electric bikes, trikes and folding bikes in the UK and Eire. Jinhua manufacture a wide range of innovative electric bikes, currently known as eRolling Bikes.
- On 2 August 2012 the Company announced it had settled £309,000 of convertible loan notes, issued by the Company, into equity, clearing the majority of the long term debt of the Company.
- On 5 November 2012, the Company sold a 30% stake in Powabyke EV Ltd, its trading subsidiary to the Green Automotive Company Corporation ("GACR"), for 1,050,000 GACR ordinary shares. GACR shares are traded on the OTC Market Tier-OTC Pink Current under the ticker "GACR".
- On 7 November 2012 the Company raised £250,000 through the issuance of convertible loan notes. These funds will be used to settle outstanding liabilities of the Company and to provide working capital for the Company.
- The Company also signed a management contract with Liberty Electric Cars Ltd ("Liberty"), a wholly owned subsidiary of GACR, for the UK distribution of the Company's range of electric bikes under the Powabyke and eRolling brand. Under the agreement, Liberty assumes full responsibility for the distribution, management and control of the Powabyke business in the UK and Eire. Consequently, the head of terms agreement between the Company and Eveport Limited was terminated. On 7 November 2012, the Company acquired Eveport Ltd. and assumed control of client management and accounting systems which will assist in the distribution of Powabyke products.