

Company Number 1435835

Akhter Group Limited

Directors' Report and Consolidated Financial Statements

For The Year Ended 30 June 2010

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Registered office. Akhter Group plc, Akhter House, Perry Road, Harlow, Essex CM18 7PN

Akhter Group Limited

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For The Year Ended 30 June 2010**

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Akhter Group Limited

Directors' report

For The Year Ended 30 June 2010

The directors present their annual report and the audited financial statements for the year ended 30 June 2010

Principal activities

The group is an established manufacturer, systems integrator and supplier of PC network and database technology to a broad base of predominantly public sector customers in the UK. The group principally serves the networked PC and workstation market offering customers complete turnkey systems solutions, comprising hardware, software, installation, networking, training and after sales support. The group sells mainly into niche markets in which it can differentiate itself and gain a competitive advantage. It has also entered the green energy market through the design and production of photovoltaic panels.

Review of the business

Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face. Financial performance indicators have been selected that reflect the performance of the group as a whole including turnover, gross profit and operating profit.

The group's business has declined in revenue due to difficult economic conditions. Sales has decreased by 9.90% (2009 increased by 17.91%). Gross profit margin was 24.33% compared to 27.78% for last year. Operating profit amounts to £237,000 compared to £338,000 in 2009. Profit before tax reached £146,000 (2009 £255,000).

The group's business environment in which we operate continues to be challenging. The computer market is highly competitive and operating margins need to be maintained. We face competition from companies both inside and outside the UK. We are also affected by consumer spending patterns and consumer's overall level of disposable income within our economy. However, the market for "green technology" will continue to grow with the group's investment into manufacture of solar panels and continued research and development into concentrated photovoltaic technology (P V) are expected to contribute to growth in operating income.

Results and dividends

The group's consolidated profit and loss account is shown on page 6.

No interim dividend was paid during the year (2009 nil). The directors do not recommend the payment of a final dividend for the year (2009 nil).

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current book value.

Future developments

The group is continuing to develop new products and will continue the development of new market sectors for its IT solutions and range of P V products. Market conditions remain tough with the future of public sector investment into new IT products becoming increasingly uncertain.

The group's management team is dedicated to maintaining and extending the improvements in customer support, quality and productivity.

Research and development

Research and development is an important part of the group's operations. The directors intend to continue their policy of investment in research and development as an essential aspect of the continuing commitment to product and quality improvements.

The 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 or the relevant subsidiary company is expected to benefit.

Akhter Group Limited

Directors' report (continued) For The Year Ended 30 June 2010

Directors

The following directors have held office since 1 July 2009

Humayun A Mughal	Chief Executive Officer
Alan G Laffoley	Group Technical Director
Alan M Tillbrook (resigned 2 July 2009)	Group Sales Director

Employee consultation

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meeting.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Political and charitable contributions

The group made no political contributions. Charitable donations paid during the year were £337 (2009: £184).

Creditor payment policy

It is the group's policy to negotiate terms with its suppliers and to ensure that they know the terms on which payment will be made when business is agreed. It is the directors' policy to abide by such terms. The group does not follow any special code or standard on payment practice due to the diverse nature of its supplier base.

At 30 June 2010 trade creditors represented approximately 90 days' purchases for the company (2009: 61 days).

Auditors

The auditors, Gross Klein, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 the going concern basis unless it is inappropriate to presume that the group will continue in business.

Akhter Group Limited

**Directors' report (continued)
For The Year Ended 30 June 2010**

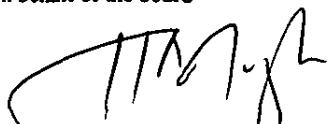
Directors' responsibilities (continued)

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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



**Professor Humayun Akhter Mughal
Chief Executive Officer**

18 March 2011

Akhter Group Limited

Independent auditors' report to the members of Akhter Group Limited For The Year Ended 30 June 2010

We have audited the group and parent company financial statements (the "financial statements") of Akhter Group Limited for the year ended 30 June 2010 set out on pages 6 to 24. 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 Section 495 and 496 of the Companies Act 2006. 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 the directors and auditors

As explained more fully in the Directors Responsibilities Statement set out on pages 1 to 3, 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 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 group's and 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 loss for the year then ended,
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting
- 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.

Akhter Group Limited

**Independent auditors' report to the members of Akhter Group Limited (continued)
For The Year Ended 30 June 2010**

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 is, 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

**Anthony Klein (Senior Statutory Auditor)
For and on behalf of Gross Klein
Chartered Accountants
Statutory Auditor**

**18 March 2011
6 Bream's Buildings
London EC4A 1QL**

Akhter Group Limited**Consolidated profit and loss account
For The Year Ended 30 June 2010**

	Note	2010 £' 000	2009 £' 000
Turnover of the group	1	7,188	7,978
Cost of sales		(5,439)	(5,762)
Gross profit		1,749	2,216
Selling and distribution costs		(1,135)	(1,368)
Administrative expenses		(377)	(510)
Group operating profit	2	237	338
Rental income		28	28
Interest receivable and similar income	3	-	12
Interest payable and similar charges	4	(119)	(123)
Profit on ordinary activities before taxation		146	255
Taxation	7	75	19
Profit for the financial year		221	274

There are no material differences between the profit as disclosed above and the profit calculated on the historical cost basis


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

Akhter Group Limited

**Consolidated balance sheet
As at 30 June 2010**

	Note	2010 £' 000	2010 £' 000	2009 £' 000	2009 £' 000
Fixed assets					
Intangible assets	10		1,039		845
Tangible assets	11		4,565		4,522
Investments	9		857		1,664
			<u>6,461</u>		<u>7,031</u>
Current assets					
Stocks	12	1,238		1,207	
Debtors	13	2,043		2,329	
Cash at bank and in hand		210		135	
		<u>3,491</u>		<u>3,671</u>	
Creditors: amounts falling due within one year	14	<u>2,278</u>		<u>2,219</u>	
Net current assets			<u>1,213</u>		<u>1,452</u>
Total assets less current liabilities			<u>7,674</u>		<u>8,483</u>
Creditors: amounts falling due after more than one year	15		(2,013)		(2,257)
Provision for liabilities	16		(37)		(2)
			<u>5,624</u>		<u>6,224</u>
Capital and reserves					
Called up share capital	17		343		343
Share premium account	18		-		-
Revaluation reserve	18		1,401		1,421
Other reserves	18		127		127
Profit and loss account	18		3,753		4,333
			<u>5,624</u>		<u>6,224</u>

These financial statements were approved by the board of directors on 18 March 2011 and were signed on its behalf by


Professor Humayun Akhter Mughal
Chief Executive Officer

Company Registration No. 1435835

Akhter Group Limited

**Company balance sheet
As at 30 June 2010**

	Note	2010 £' 000	2010 £' 000	2009 £' 000	2009 £' 000
Fixed assets					
Tangible assets	11		3,637		3,698
Investments	9		4,219		4,203
			<u>7,856</u>		<u>7,901</u>
Current assets					
Debtors	13	2,255		2,686	
Cash at bank and in hand		-		3	
		<u>2,255</u>		<u>2,689</u>	
Creditors' amounts falling due within one year	14	<u>510</u>		<u>703</u>	
Net current assets			<u>1,745</u>		<u>1,986</u>
Total assets less current liabilities			<u>9,601</u>		<u>9,887</u>
Creditors' amounts falling due after more than one year	15		<u>(2,013)</u>		<u>(2,257)</u>
			<u>7,588</u>		<u>7,630</u>
Capital and reserves					
Called up share capital	17		343		343
Share premium account	18		-		-
Revaluation reserve	18		1,322		1,341
Other reserves	18		127		127
Profit and loss account	18		5,796		5,819
			<u>7,588</u>		<u>7,630</u>

These financial statements were approved by the board of directors on 18 March 2011 and were signed on its behalf by


Professor Humayun Akhter Mughal
 Chief Executive Officer

Company Registration No 1435835

Akhter Group Limited

**Consolidated cash flow statement
For The Year Ended 30 June 2010**

	Note	2010 £' 000	2009 £' 000
Cash inflow from operating activities	20	790	1,223
Returns on investments and servicing of finance	21	(119)	(111)
Taxation refunded	21	46	51
Capital expenditure and financial investment	21	(353)	(170)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		364	993
Financing	21	(181)	(1,145)
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		183	(152)
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the year		183	(152)
Cash outflow from decrease in debt and lease financing		181	1,145
Repurchase of ordinary shares		-	(995)
		<hr/>	<hr/>
Movement in net debt in the year		364	(2)
Net debt at the start of the year		(2,478)	(2,476)
		<hr/>	<hr/>
Net debt at the end of the year	22	(2,114)	(2,478)
		<hr/>	<hr/>

Akhter Group Limited

**Consolidated statement of total recognised gains and losses
For The Year Ended 30 June 2010**

	2010 £' 000	2009 £' 000
Loss for the financial year	221	274
Revaluation of land and buildings	-	(190)
Total recognised gains/(losses) relating to the financial year	221	84
Note on consolidated historical cost profits and losses		
Reported loss on ordinary activities before taxation	146	255
Difference between historical cost depreciation charge and actual depreciation	11	(47)
	157	208
Historical cost loss for the year retained after taxation	157	227

Consolidated reconciliation of movement in shareholders' funds

	Group		Company	
	2010 £' 000	2009 £' 000	2010 £' 000	2009 £' 000
Profit/(loss) for the financial year	221	274	(42)	(22)
Repurchase of own shares	-	(994)	-	(994)
Revaluation of freehold properties	-	(190)	-	(190)
Exchange difference on revaluation reserve	5	-	-	-
Valuation adjustment on Ultima (note 9)	(826)	297	-	-
Net increase/(decrease) to shareholders' funds	(600)	(613)	(42)	(1,206)
Opening shareholders' funds	6,224	6,837	7,630	8,836
Closing shareholders' funds	5,624	6,224	7,588	7,630

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Accounting policies

For The Year Ended 30 June 2010

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) under the historical cost convention modified to include the revaluation of certain land and buildings

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings, together with the Group's share of the results and net assets of its associate, made up to 30 June 2010

Goodwill

Goodwill arising on the acquisition of subsidiaries or other businesses, represented by the excess of their fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised over its useful economic life in accordance with Financial Reporting Standard 10. Goodwill is amortised over a period of not more than twenty years

Company accounts

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The amount of the loss for the financial year dealt with in the accounts of the company is £42,000 (2009: loss of £22,000)

Turnover

Turnover represents the invoiced value of goods sold and services provided and is stated net of Value Added Tax. The turnover is attributable to the principal activities of the group which all represent continuing operations. For equipment supplied under rental agreements, turnover is recognised on an accruals basis.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

Rentals under operating leases are charged on a straight line basis over the lease term.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred where

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Accounting policies (continued) For The Year Ended 30 June 2010

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred tax assets are recognised only to the extent that they are likely to be realised.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets except freehold land, to write off the cost, less estimated residual value, of each asset over its expected useful life on a reducing balance basis, except where stated, as follows:

Fixtures, fitting and equipment	15 per cent, per annum
Motor vehicles	25 per cent, per annum
Buildings	2 per cent, per annum, on cost or valuation on a straight line basis
Equipment for rental	On a systematic basis so as to spread profit evenly over the period of the rental agreements
Computer hardware and software	33.3 per cent, per annum, on a straight line basis

Design costs and amortisation

Design costs relate to specific new products and are amortised to write off these costs, less estimated residual value, over their expected useful life, which has been estimated by the directors as 33.3 per cent, per annum on a straight line basis.

Stocks

Stock is valued at the lower of cost, including all relevant overhead expenditure and net realisable value.

Pensions

The group continues to operate an occupational pension scheme for H A Mughal. The arrangements for H A Mughal are an approved defined contribution scheme (in which his wife is a member) and a funded unapproved defined contribution scheme. There were no contributions made by the group to the unapproved scheme.

The group also operates a Group Personal Pension Plan for certain employees and directors, into which it pays contributions. The pension cost charges represent contributions payable by the group. Pension provision is available to all employees.

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Notes to the financial statements For The Year Ended 30 June 2010

1. Segmental analysis

Turnover is all attributable to the principal activities of the group and arises mainly from the UK

The distribution of external sales by geographic region is as follows

	2010 £' 000	2009 £' 000
United Kingdom	6,337	7,276
Asia	824	663
Europe	27	39
Total	<u>7,188</u>	<u>7,978</u>

The directors believe that the group has only one business segment and accordingly no further segmental analysis is provided

2. Operating profit

Operating profit is stated after charging

Depreciation and other amounts written off tangible fixed assets	111	99
Loss on disposal of fixed assets	-	-
Profit on foreign exchange transactions	(76)	(5)
Research and development expenditure	69	7
Auditors' remuneration		
Audit	18	17
Other services	-	16
Operating lease - land and buildings	12	12
Pension costs	13	20
Amortisation of goodwill and design costs	11	17

3. Interest receivable and similar income

Other interest receivable	-	12
	<u>-</u>	<u>12</u>

4. Interest payable and similar charges

On bank loans and overdrafts	10	11
Other interest payable	109	112
	<u>119</u>	<u>123</u>

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 30 June 2010

5. Staff numbers and costs

	Number of employees	
	2010	2009
Administration and technical	55	57
Selling and distribution	30	28
	<u>85</u>	<u>85</u>

The aggregate payroll costs of these persons, including directors, were as follows

	2010	2009
	£' 000	£' 000
Wages and salaries	886	1,178
Social security costs	69	101
Other pension costs	13	25
	<u>968</u>	<u>1,304</u>

6 Directors' emoluments

The emoluments of the directors are as follows

Emoluments		
Salary	156	250
Benefits in kind	-	-
	<u>156</u>	<u>250</u>
Total emoluments	6	9
Pension contributions		
	<u>162</u>	<u>259</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2010 3)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	<u>56</u>	<u>80</u>
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Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 30 June 2010

7 Taxation

(a) Analysis of credit/(charge) in year for group

	2010 £' 000	2009 £' 000
UK Corporation Tax at 28% (2009 28%) on the profit on ordinary activities	-	-
Adjustments relating to an earlier year	(113)	(21)
Overseas tax	5	-
	<u>(108)</u>	<u>(21)</u>
Deferred tax credit	33	2
	<u>(75)</u>	<u>(19)</u>

(b) Factors affecting tax charge in year for group

Profit on ordinary activities	<u>146</u>	<u>255</u>
Loss on ordinary activities multiplied by rate of Corporation Tax in the UK of 28% (2009 28%)	41	71
Effects of		
Expenses not deductible for tax purposes	13	19
Capital Allowances in excess of depreciation	(25)	(21)
Utilisation of tax losses	(3)	(73)
Current period unutilised tax losses	-	4
Research and development enhanced expenditure relief	(30)	-
Adjustment to tax charge of prior periods	(113)	(21)
Overseas tax	9	-
	<u>(108)</u>	<u>(21)</u>

8. Equity dividends

Interim dividend paid	<u>-</u>	<u>-</u>
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Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 30 June 2010

9 Fixed asset investments

Group	Investment in Netsol £' 000	Loan to Netsol £' 000	Investment in Ultima £' 000	Loan Notes £' 000	Secured Loan £' 000	Total £' 000
Cost						
At beginning of year	127	132	1,405	-	-	1,664
Additions	-	3	16	-	-	19
Valuation movement	-	-	(826)	-	-	(826)
Loan repaid	-	-	-	-	-	-
At end of year	127	135	595	-	-	857
Provisions						
At beginning and end of year	-	-	-	-	-	-
Net book value						
At 30 June 2010	127	135	595	-	-	857
At 30 June 2009	127	132	1,405	-	-	1,664

The investment in Netsol Connect (Private) Limited, a company registered in Pakistan, consists of a 49.9% holding of the issued ordinary share capital and £135,000 (2009 £132,000) by way of an unsecured loan. The directors have decided that it would serve no useful purpose and would be misleading to incorporate the results of Netsol in these consolidated financial statements. The aggregate amount of capital and reserves and the results of Netsol for the financial year ended 30 June 2010 were as follows:

	Capital and reserves 2010 £' 000	Loss for the year 2010 £' 000
Netsol Connect (Private) Limited	(85)	(12)

The investment in Ultima consists of a 19.97% (2009 26.4%) holding of ordinary shares of 1p each in Ultima Networks plc, a company listed on the Alternative Investment Market of the London Stock Exchange plc. Ultima Networks plc is a group of which the principal activities are the development, licensing and support of professional software and wholesale and retail merchandising of various products.

The results of Ultima Networks plc were previously recorded as an associate. In the directors' opinion, this needs to be shown at the market value and as such the movement of £826,000 is the decrease in value of the investment since 30 June 2009. The value of the investment as at 30 June 2010 was approximately £595,000 (2009 £1,405,000). Copies of the accounts of Ultima Networks plc are available from their website at www.ultima-networks.co.uk.

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Notes to the financial statements (continued) For The Year Ended 30 June 2010

9. Fixed asset investments (continued)

Group (continued)

The amounts required to be disclosed under Financial Reporting Standard 9 in respect of Ultima Networks plc are as follows

	2010 £' 000	2009 £' 000
Profit and loss account		
Share of turnover	351	536
Share of profit before tax	66	58
Share of taxation	-	(6)
Share of loss after taxation	66	52
Balance sheet		
Share of assets		
Share of fixed assets	438	362
Share of current assets	251	220
Share of liabilities		
Share of liabilities due within one year	(142)	(207)
Share of liabilities due after one year	-	-

Company	Shares in group undertakings £' 000	Participating interest £' 000	Total £' 000
Cost			
At beginning of year	1,451	3,046	4,497
Additions	-	16	16
Repaid	-	-	-
	<u>1,451</u>	<u>3,062</u>	<u>4,513</u>
Provisions			
At beginning and end of year	<u>294</u>	<u>-</u>	<u>294</u>
Net book value			
At 30 June 2010	<u>1,157</u>	<u>3,062</u>	<u>4,219</u>
At 30 June 2009	<u>1,157</u>	<u>3,046</u>	<u>4,203</u>

The principal subsidiary undertakings, all of which are wholly owned and have an accounting year end of 30 June 2010 are as follows

Akhter Computers plc (issued share capital £1,000,000 of £1 each) - established manufacturer, system integrator and supplier of PC networking and database technology Registered in England and Wales

Akhtar Computers Pakistan (Private) Limited (issued share capital PKR 2,950,000 of 100 Rupees each) - established manufacturer, system integrator and supplier of PC network and database technology Registered in Pakistan

Akhtar Solar Limited (issued share capital PKR 1,000,000 of 100 Rupees each) - manufacturer of solar cell module assemblies Registered in Pakistan

Silicon CPV plc (issued share capital £50,000 of 10p each) - developing production of electricity

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Notes to the financial statements (continued) For The Year Ended 30 June 2010

10. Intangible fixed assets

Group	Goodwill £' 000	Design costs £' 000	Total £' 000
Cost			
At beginning of year	149	807	956
Additions	-	205	205
At end of year	149	1,012	1,161
Amortisation			
At beginning of year	67	44	111
Charge for the year	8	3	11
At end of year	75	47	122
Net book value			
At 30 June 2008	74	965	1,039
At 30 June 2007	82	763	845

The goodwill arose on the acquisition of shares in Akhtar Computers Pakistan (Private) Limited. The useful economic life adopted for this goodwill is 20 years.

11. Tangible fixed assets

Group	Fixtures, fittings and equipment £' 000	Motor Vehicles £' 000	Freehold land and buildings £' 000	Total £' 000
Cost or valuation				
At beginning of year	3,285	45	4,024	7,354
Additions	83	-	46	129
Revaluation	-	-	-	-
Adjustment	-	-	(1)	(1)
Exchange difference	28	2	8	38
At end of year	3,396	47	4,077	7,520
Depreciation				
At beginning of year	2,582	38	212	2,832
Charge for the year	40	2	69	111
Adjustment	-	-	-	-
Exchange difference	10	1	1	12
At end of year	2,632	41	282	2,955
Net book value				
At 30 June 2010	764	6	3,795	4,565
At 30 June 2009	703	7	3,812	4,522

Akhter Group Limited

Notes to the financial statements (continued) For The Year Ended 30 June 2010

11. Tangible fixed assets (continued)

Group (continued)

The freehold land and buildings held by Akhter Group Limited includes an investment property in the value of £875,000, professionally revalued by GVA Grinley Limited, international property advisers on 13 November 2008 which is not let out to a group member. The other properties let out to a group member were professionally revalued in the sum of £2,810,000 by Glenny LLP on 31 March 2009.

The freehold land and building held by Akhter Computers Pakistan (Private) Limited was revalued on 29 January 2008 by M/S Asif Associates (Pvt) Limited, independent firm of industrial valuation consultants. The valuation was based on prevailing market price for freehold land and the replacement value of the building.

The directors consider these valuations to be appropriate as at 30 June 2010.

Company	Freehold land and buildings £' 000	Total £' 000
Cost or valuation		
At beginning of year	3,898	3,898
Additions	-	-
Revaluation	-	-
At end of year	3,898	3,898
Depreciation		
At beginning of year	200	200
Charge for the year	61	61
At end of year	261	261
Net book value		
At 30 June 2010	3,637	3,637
At 30 June 2009	3,698	3,698

The net book value of land and buildings comprises

	Group		Company	
	2010	2009	2010	2009
	£' 000	£' 000	£' 000	£' 000
Freehold	3,795	3,812	3,637	3,698

If land and buildings had not been revalued the following amounts would have been included in the balance sheet

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 30 June 2010

11 Tangible fixed assets (continued)
Company (continued)

	Group	Company
	2010	2010
	£' 000	£' 000
Historic cost	3,168	2,991
Depreciation	(821)	(800)
	<u>2,347</u>	<u>2,191</u>
Net book value at 30 June 2010	<u>2,347</u>	<u>2,191</u>
	<u>2,281</u>	<u>2,244</u>
Net book value at 30 June 2009	<u>2,281</u>	<u>2,244</u>

The consolidated depreciation charge for the year, based on the historic cost would have been £61,000 (2009 £56,000)

12. Stocks

	Group	Company	2010	2009
	2010	2009	2010	2009
	£' 000	£' 000	£' 000	£' 000
Finished goods and goods for resale	1,238	1,207	-	-

13. Debtors

Trade debtors	1,421	1,727	-	-
Amounts recoverable on long term contracts	129	-	-	-
Amounts owed by parent and fellow subsidiary undertakings	-	-	1,970	2,398
Corporation Tax	115	46	-	-
Other debtors	322	505	283	286
Prepayments and accrued income	56	51	2	2
	<u>2,043</u>	<u>2,329</u>	<u>2,255</u>	<u>2,686</u>

14. Creditors: amounts falling due within one year

Bank loans and overdrafts (see note 15)	311	356	213	150
Trade creditors	1,346	967	-	-
Corporation Tax	-	-	-	-
Other taxes and social security	48	145	-	-
Other creditors	73	164	-	-
Directors current account	411	528	270	528
Accruals and deferred income	89	59	27	25
	<u>2,278</u>	<u>2,219</u>	<u>510</u>	<u>703</u>

Akhter Group Limited

Notes to the financial statements (continued) For The Year Ended 30 June 2010

15. Creditors' amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£' 000	£' 000	£' 000	£' 000
Bank loans	2,013	2,257	2,013	2,257
Analysis of loans				
Wholly repayable within five years	2,226	2,407	2,226	2,407
	2,226	2,407	2,226	2,407
Included in current liabilities	(213)	(150)	(213)	(150)
	2,013	2,257	2,013	2,257
Loan maturity analysis				
Within one years	213	150	213	150
In more than one year but not more than two years	213	300	213	300
In more than two years but not more than five years	639	450	639	450
In more than five years	1,161	1,507	1,161	1,507
	2,226	2,407	2,226	2,407

The bank loan and the overdraft is secured against the company's freehold land and buildings. Interest on the loan during the year was charged at bank base rate plus 1.5%. This was reviewed by Lloyds Bank plc in September 2009 to bank rate plus 2%. The loan has been used by Akhtar Solar Limited towards the cost of setting up a solar cell module assembly unit in Pakistan.

The company also has an overdraft facility amounting to £650,000 which was reviewed on 2 July 2009.

16. Provisions for liabilities and charges

	Deferred taxation
	£' 000
Group	
At beginning of year	2
Utilised during the year	-
Additional provision	33
Exchange difference	2
	37
At end of year	37

The amounts provided for deferred tax are set out below

	2010	2009
	Provided	Provided
	£' 000	£' 000
Difference between accumulated depreciation and amortisation and capital allowances liability	33	2

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 30 June 2010

17. Called up share capital

	2010 £' 000	2009 £' 000
Authorised 10,000,000 Ordinary shares of 10p each	1,000	1,000
Allotted, called up and fully paid up 3,428,400 Ordinary shares of 10p each	343	343

**18. Reserves
Group**

	Share Premium £' 000	Revaluation reserve £' 000	Other reserves £' 000	Profit and loss account £' 000
At beginning of year	-	1,421	127	4,333
Revaluation	-	-	-	-
Transfer from revaluation reserve	-	(25)	-	25
Exchange difference	-	5	-	-
Movement during the year	-	-	-	-
Valuation adjustment on Ultima (note 9)	-	-	-	(826)
Profit for the financial year	-	-	-	221
At end of year	-	1,401	127	3,753

Company

	Share Premium £' 000	Revaluation reserve £' 000	Other reserves £' 000	Profit and loss account £' 000
At beginning of year	-	1,341	127	5,819
Transfer from revaluation reserve	-	(19)	-	19
Repurchase of own shares	-	-	-	-
Movement during the year	-	-	-	-
Loss for the financial year	-	-	-	(42)
At end of year	-	1,322	127	5,796

The other reserves is the capital redemption reserve created when the company repurchased its own 1,267,156 ordinary shares of 10p in prior years

Akhter Group Limited

Notes to the financial statements (continued)
For The Year Ended 30 June 2010

19. Commitments

The group had no material capital commitments at 30 June 2010

Annual commitments under non-cancellable operating leases in respect of land and buildings are as

	2010 £' 000	2009 £' 000
Operating leases which expire in more than five years	12	12

20. Reconciliation of operating profit to operating cash flows

Operating profit	237	338
Rental income	28	28
Depreciation charge	111	99
Exchange differences on fixed assets	(26)	(5)
Amortisation of goodwill and design costs	11	16
(Increase)/decrease in stocks	(31)	178
Decrease/(increase) in debtors	355	(390)
Increase in creditors	105	959
	790	1,223

21. Analysis of cash flows

Returns on investment and servicing of finance

Interest received	-	12
Interest paid	(119)	(123)
Net cash outflow from returns on investment and servicing of finance	(119)	(111)

Taxation

Corporation tax refunded	46	51
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Capital expenditure and financial investment

Purchase of tangible fixed assets	(129)	(17)
Purchase of intangible fixed assets	(205)	(177)
Purchase of investments	(16)	-
Sale of tangible fixed assets	-	-
Net loan repayment from associate	(3)	24
Net cash outflow from capital expenditure and financial investment	(353)	(170)

Financing

Repayment of bank loans	(181)	(150)
Repurchase of ordinary shares	-	(995)
	(181)	(1,145)

Akhter Group Limited

Notes to the financial statements (continued) For The Year Ended 30 June 2010

22. Analysis of net debt

	At beginning of year £' 000	Cash flow £' 000	At end of year £' 000
Cash at bank and in hand	135	75	210
Bank overdrafts	(206)	108	(98)
	(71)	183	112
Bank loans	(2,407)	181	(2,226)
	(2,478)	364	(2,114)

23. Transactions with directors

The balance of the loan payable to Professor Humayun Akhter Mughal, who is a director of the company, amounted to £270,000 (2009 £528,000) as at 30 June 2010. The loan is interest free.

24. Related party disclosures

As explained in note 9, Akhter Group Limited has a 19.97% (2009 26.4%) holding in Ultima Networks plc. This investment was previously treated as an associate for the purposes of preparing these accounts and hence Ultima Networks plc is a related party in accordance with the provision of FRS 8, Related Party Disclosures. Akhter Group Limited and its associates, namely H. A. Mughal and associates, the Akhter Education Foundation Trust and the Akhter Group plc Directors SSAS Pension Fund collectively own 40.15% (2009 48.9%) of the issued ordinary share capital of Ultima Networks plc at the balance sheet date.

A management charge of £31,800 (2009 £31,800) and rental charge of £28,200 (2009 £28,200) were made to Ultima Networks plc. Sales of £28,584 (2009 £59,674) were made to and purchases of nil (2009 £1,632) were acquired from Ultima Networks plc.

A loan of £250,000 (2009 £250,000) has been advanced to Akhter Group Limited Directors SSAS Pension Fund.

25. Ultimate controlling party

The ultimate controlling party is Professor Humayun Akhter Mughal.