

Clean, economic and low-carbon electricity for portable power solutions



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Voller Energy is a leader in portable fuel cell systems, one of the first companies in the world who have deliverable technology. Portable fuel cells are widely predicted to be the first type of fuel cell to reach a mass market and the Group is now well positioned as an early leader in this sector.

01

Highlights

Voller Energy Group Plc
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First commercial shipments of the Emerald 1kW Auxiliary Power Unit achieved

- Welfare cabin, supplied by GenQuip Plc
- CCTV camera for traffic monitoring
- Mobile information sign for the Dutch Ministry of Works

Manufacturing facility extended in Basingstoke, England

Loss for the year before taxation of £2.8 million (2007: £2.2m), better than budget

Core patents filed strengthening Intellectual Property

Development commenced on the next generation of Emerald Product

Additional funding is required to develop the business for the future and the directors have sufficient reason to believe that the strategic review which commenced in February 2008 will, if successful, achieve this. The options may include, but are not limited to, strategic alliances, mergers or a sale of the business.

“During the year we have installed prototype units into our chosen market segments of construction and infrastructure management.”

I am pleased to report that encouraging progress has been achieved in the year to 30 June 2008. The Group has begun shipping pilot commercial units of the Emerald 1kW APU (Auxiliary Power Unit) system running from LPG.

The Emerald system is being installed in a number of differing customer situations in the target markets of construction, leisure and infrastructure management. These include the installation of units in welfare cabins supplied by GenQuip Plc, the installation of a unit to power a CCTV camera in a traffic monitoring system and the installation of a unit in a mobile information sign for the Dutch Ministry of Works. The units delivered to GenQuip represented the initial batch of 5 systems as part of the total order received from them for twenty units.

I can also report that following the successful participation of Voller's Beneteau Oceanis 411 yacht in the Atlantic Rally for Cruisers it is considered that the marketing profile of the product in the marine market is sufficiently high and as a consequence the yacht has been sold. This race and other trials have proven the utility of the Emerald system in the marine and leisure space and the extensive interest in the product in these applications is reflected in the initial units ordered by our appointed distributors in our target geographic markets.

The Emerald units are manufactured at the Group's facility in Basingstoke which was extended in October 2007. In addition further development work has resulted in the filing of new patents on the Emerald system and a further strengthening of the Group's intellectual property.

The feedback from our customers is very encouraging and this feedback, combined with our on-going testing programme, is being used to make further improvements to the product. The manufactured cost of the initial units has not been recouped in its entirety from the revenue generated and a gross loss has been sustained per unit which was in accordance with the financial plan for the year. As sales increase a reduction in the cost of components will be secured which together with the continuing re-design of the product will minimise the excess of cost over revenue. Nonetheless the absorption of this cost together with continuing development expenditure and other overhead costs continues to deplete the cash resources of the Company.

Financial results

These financial results are the first results following the adoption of International Financial Reporting Standards (IFRS) as adopted by the European Union.

Sales for the year of £105k (2007: £42k) included for the first time revenue generated from the sales of the Emerald 1Kw APU. This is encouraging progress and reflects on the initial successful delivery of commercial product.

Research and development expenses of £1.1m remained in line with the previous year of £1.0m reflecting the continued work on the development of the Emerald product.

Administrative expenses of £2.795m (2007: £2.543m) increased during the year primarily as a result of the costs of the manufacturing operation expanded at our Basingstoke facility during the current year and the increased charge for Share Options.

Interest receivable fell as a consequence of the reduction in the cash balance.

The loss before taxation for the year of £2.799m (2007: £2.248m) was better than budget.

At the end of year the group had cash in hand of £1.948m (2007: £4.732m) and as indicated in my comments below, additional funding is required to enable the Group to complete its development programme.

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Chairman's statement

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John Brown FCCA
Chairman

01 October 2008



People

During the year we have strengthened our development team but have taken action to reduce sales and marketing personnel as we focus on a more targeted approach of limited key accounts.

All of our employees make a valued contribution to the Group's activities and I would like to thank them for all their continued contribution. As announced on 5 August 2008, Stephen Voller stepped down as the CEO to pursue other business interests and Robin Francis, the Group's Chief Technology Officer, took over as CEO.

Strategic Review

In February 2008 the Group announced that a strategic review of the options open to the Group would be undertaken by Deloitte Corporate Finance. The objective of this Strategic Review was to maximise shareholder value. The Company announced in February that these options may include, but were not limited to, strategic alliances, mergers, refinancing or a sale of the business. In February we said that this process may or may not lead to an offer being made for the Company. Whilst this review has been in progress action has been taken to reduce overhead cost wherever possible without damaging the future development of the business. Headcount in Sales & Marketing has been reduced which, along with other overhead savings, will reduce the cost base for the new financial year. However, there is no doubt that progress of putting the Emerald units into the market place has been slower than we would have wished; the Company does not currently have the cash resources to achieve its development programme and further funding will be required, which is why we have engaged Deloitte Corporate Finance to assist in the process of securing the necessary funding to allow the Group to continue in operation.

Whilst the outcome of the process remains uncertain, in the opinion of the Directors, there is sufficient reason to believe that the outcome, if successful, could provide sufficient funding for the Company to develop the business for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

“The Group is excellently placed to meet the growing market for environmentally friendly power generation systems.”

The Group's clean, environmentally friendly power systems address two topics of particular importance for both users and the wider world: the desire to reduce fuel costs, and the need to reduce harmful atmospheric emissions. As concern grows over the rising cost of fuel and the environmental impact of energy generation, the market demand for these products will only get stronger.

In 2005 following our initial AIM listing we began the programme of developing a fuel cell system that runs from available fuels, which we refer to as the Emerald product family. The first of the Emerald products, a 1kW fuel cell system running from LPG (liquefied petroleum gas, propane or Calor Gas) has begun to be shipped. Emerald acts as an automatic and intelligent battery charger, providing a far more fuel efficient system than an equivalent diesel or LPG generator.

The emissions from Emerald are considerably lower than those from a conventional generator. Emissions of the main greenhouse gas carbon dioxide are substantially reduced, while emissions of noxious emissions such as nitrogen oxide, sulphur dioxide and carbon monoxide are almost zero.

There are two aspects of Voller's developments that make them unique;

Hydrogen is not required; use available fuels

Many fuel cell developers still rely on very pure hydrogen to fuel their products. Hydrogen remains a difficult fuel to obtain, and is costly to store and transport. In the markets that Voller operate in; being construction, infrastructure management and leisure, there is no widespread adoption of hydrogen, nor is it likely that there will be any widespread adoption of the fuel in the near future.

Many analysts are now agreed that unless hydrogen is produced from a sustainable source, using hydrogen as a distributed fuel source has a very limited positive effect on the environment and may even have a negative effect. This is because the energy needed to produce, compress, store and transport the fuel is a very high proportion of the energy ultimately delivered. Sustainable sources of hydrogen are very limited at present.

A much more effective way to produce hydrogen is by using a reformer based system, where a conventional hydrocarbon fuel such as propane is converted to hydrogen and carbon species. The hydrogen produced is used directly in the fuel cell system so that expensive storage and transportation cost are avoided.

Every Emerald system has a reformer system inside so that a standard bottle of propane can be connected to the system and used directly. Propane is a universally available, familiar and economic fuel.

Systems and hybrid approach

Fuel cells make very efficient battery chargers, and all of Voller's systems use a combination of fuel cell and battery technology. Batteries are low-cost and reliable, and provide an effective way of meeting peak power demands, while the fuel cell is used to service the average power demands.

Voller is a systems integrator, providing a complete and easy system for our customers. The Emerald units are designed as “fit and forget” systems that are easy to install and which automatically charge the battery pack thus ensuring that power is always available to the user.

Technology Review

This year has seen the 1kW Emerald product moving from laboratory pre-production prototypes into pilot manufacture and the installation of these units in a number of platforms. These include the first site welfare cabins supplied by GenQuip Plc, a traffic CCTV monitoring system to be used by the Highways Agency and a mobile traffic sign platform under a Dutch government programme. These installations, following on from the successful field trials last year, have convincingly demonstrated the utility and attractiveness of the Emerald system in both mobile and static off-grid applications and represent the important step of placing the units in the hands of “real users” in the actual application environments.

Robin Francis
Chief Executive Officer

01 October 2008



The Emerald system is designed to operate as an automatic battery charger and to replace conventional generators in a variety of static and mobile applications. The Emerald system provides reliable power to users with none of the noise, smell and vibration associated with generator systems. Furthermore, the low servicing needs and fuel efficiency of the units means the overall lifetime costs to users are projected to be lower, despite a higher up front capital cost.

In the construction market segment we have been working with our partner GenQuip Plc to prove the application of the Emerald system within their range of welfare site cabins. A number of units have been installed and used by GenQuip personnel for several months and we are working with GenQuip to distribute the first commercial units to GenQuip's preferred hire company partners.

In the transport infrastructure market we have installed two units in government-funded trials, one in the UK and one in Holland. These trials will prove the performance of the units in these applications prior to larger scale rollout.

In the leisure market our field trials during the past year have helped us to prove the basic performance of the units in the application space and to develop the products further. Along with our distribution partners, we are looking forward to shipping the first units in the next year.

Over the year we have continued to strengthen our intellectual property position. We have filed three core patents on the Emerald system and have further filings in progress relating to continuing improvements in the system design. Additionally, Emerald is controlled and monitored by our proprietary software package "Emerald Talk", which forms an integral part of the system.

Looking further into the future work has begun on the next generation of Emerald products. The Company's product development strategy is based around the expansion of the Emerald product platform in two main directions:

- the development of higher power systems with a net electrical power output of up to 5kW; and
- the development of systems capable of operating on liquid fuels, in particular diesel.

Higher power systems will allow Voller to target additional market segments with greater power requirements than can be supported by the current Emerald product. These include some parts of the back-up power market, the materials handling market, and many specialist vehicle applications. Furthermore these systems will expand the range of applications which can be served in the core markets for Emerald, for example larger marine craft and recreational vehicles (RV), larger static cabins in the construction market, and large permanent traffic signs. We have identified the core components for this product range and expect commercial systems to be available in approximately two years.

The development of diesel systems will allow increased penetration of market segments where diesel is preferred over LPG. This includes segments such as larger marine craft, truck auxilliary power unit (APU) systems and the military. The Company is working on a diesel-reforming system in a collaboration with the University of Cambridge, along with other collaborations and in-house research.

Ultimately these developments will result in a family of transportable or small stationary products with power outputs ranging from 1-5kW and which operate from a variety of fuels.

Outlook

The Company has demonstrated the basic effectiveness of the Emerald system in its chosen markets and is well positioned in the growing market for low-emission technology. The Company has built considerable Intellectual Property (IP) and know-how in this complex area. The focus now is to achieve follow-on sales in the chosen markets and to consolidate our supply position with strategic customers in our target markets.

The future of the Company is however dependent on additional funding. Further details are given in both the Chairman's statement under "Strategic Review" and in Note 3 attached to these financial statements.

John Brown FCCA CTA (age 64)

Chairman

Has served as Non-Executive Chairman of Voller Energy since April 2004 and was Chief Executive and founder of Speedy Hire Plc (LSE:SDY) a FTSE 250 company until his retirement in 2005. John is also Chairman of Norcros Plc (LSE:NXR) and Rollalong Hire the portable accommodation hire business and the ex Chairman of Scott Harris, the investor relations company. John is also a Non-Executive Director of Lookers Plc (LSE:LOOK), Henry Boot Plc (LSE:BHY) and Oriel Securities Ltd.

Robin Francis (age 36)

Chief Executive Officer

Dr Robin Francis has an in-depth knowledge of the energy business built from over 10 years working in the sector. After completing a degree and PhD in inorganic chemistry at Oxford University, Robin joined the Materials Research centre at the University of Houston, where he continued his research in porous catalytic materials and their application in fuel processing. Robin then worked for 5 years as a senior member of the Energy Sector consulting team at Sagentia Ltd, a leading technology consultancy company based in Cambridge (UK), where he provided strategic business and technology advice to a range of clients, from blue chip multinationals to small spin-out companies. Robin joined Voller in July 2006 and has led the development of Voller's Emerald fuel cell system.

Mike Clarke (age 58)

Chief Operating Officer

Has 30 years' management experience of the production of complex electronics, including Aston Electronic Designs Ltd, Perex Ltd, Sintrom Plc and Sperry Rand Inc. As COO he is responsible for the manufacture of the products and for meeting production, quality and shipment targets.

Colin Bonsey FCA (age 62)

Financial Director and Company Secretary

Is a Chartered Accountant (ACA 1969, FCA 1971) and from 1999 to 2003 served as Group Finance Director and Company Secretary of Bullough Plc, a small cap mini conglomerate with group turnover of £250 million. Colin was an Audit Senior at KPMG before joining Philip Morris as Corporate Controller in 1973. In 1976 he joined Siebe Plc (now part of Invensys Plc) a world leader in controls and automation with turnover of £3.7 billion. He joined the Board of Siebe in 1990 and remained on the Board until his departure in 1999.

David Port FCMA (age 61)

Non-Executive Director

David is a Fellow Chartered Management Accountant and widely experienced in the energy sector and is the Non- Executive Chairman of ATH Resources Plc (LSE:ATH), the mining group. He is a freeman of the City of London and is a former Chairman of the Coal Trade Benevolent Association. He is also Chairman of GNE Plc (LSE:GNE) and the Non-executive Chairman of Petrol Express Ltd and of Leach Colour Ltd. David is also a Non-Executive Director of TRS Developments Ltd and of WMT Ltd a specialist consultancy advising on the processing of nuclear waste.

David Cranston (age 62)

Non-Executive Director

After a 30 year career in the Army, initially in the Artillery but mainly as an Army Aviator, David Cranston's final appointment was as Deputy and then Commander of the Germany based Multinational Airmobile Division with 26,000 personnel from four nations, a capital budget of £8 billion, and an £800 million annual operation budget. Leaving the army in 1995, he became a financial regulator joining the Personal Investment Authority (PIA) as Head of Member Relations and in 1997 became Head of Group Compliance of The Royal Bank of Scotland. From 2000 to 2002 he was Director General of The National Association of Pension Funds. Currently David has a small portfolio of non-executive and voluntary appointments; the latter includes being a member of the British National Olympic Committee.

Report of the Directors for the year ended 30 June 2008

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The Directors present their Annual Report and Financial Statements for the Company and for the Group for the financial year ended 30 June 2008.

Principal activities

The principal activity of the Group is the manufacture of portable fuel cell systems for use as mobile generators and battery chargers.

A review of the results for the year and of future developments in the business is given in the Chairman's Statement and Chief Executive's Review, which form part of this annual report.

The Group consists of the holding Company Voller Energy Group Plc together with its wholly owned subsidiaries Voller Energy Limited and Voller Energy Trading Limited (dormant).

Results and dividends

The consolidated income statement for the year is set out on page 16.

The Group's loss for the financial year after taxation was £2,539,000 (2007: £2,010,000)

The Directors do not recommend the payment of a dividend for the year (2007: £nil).

Basis of preparation

As a result of ongoing investment in the development of the Emerald product range and the recognition that it has not been possible during the current financial year, nor is it likely that it will be possible during the next financial year, to recover the whole of the manufactured cost of the product, the Company continues to be loss making.

The Directors have reviewed the accounts, budgets, sales pipeline, costs and forward plans and cash flow analysis of the business and, as described more fully in Note 3 to the accounts, this leads the Directors to believe that there is a material uncertainty regarding the Group's ability to continue in operation for the foreseeable future without obtaining further funding. The Company appointed Deloitte Corporate Finance in February 2008 to conduct a strategic review of the options available to raise further funding. Whilst the outcome of the process remains uncertain, in the opinion of the directors, there is sufficient reason to believe that the outcome, if successful, could provide sufficient funding for the Company to develop the business for the foreseeable future, whilst recognising that the Company is dependent upon future investments to continue as a going concern.

The financial statements have been prepared on a going concern basis; see further details in Note 3.

Business Review

The Company is required by the Companies Act to include a business review in this report. The directors are of the opinion that the subject matter of the proposed Business Review is dealt with through the comments given in the Chairman's, Chief Executive's and the Directors Report, on pages 2 to 9.

Research and development

The Group continues to invest in Research and Development expenditure which will be of benefit to the Group in the medium to long term (see Note 6).

Principal risks and uncertainties

Management considers the financial health of the Group by looking at the overall level of cash and short term deposits together with operating cash flow projections.

As at 30 June, 2008 the Group had cash, cash equivalents and short term deposits totalling £1,948k (2007: £4,732k) and the net operating cash outflow for the year was £2,784k (2007: £2,052k).

The principal commercial risks to the business are as follows;

- The risk that the Group will not be able to generate cash before cash and cash equivalents are completely utilised;
- The risk that the Group does not develop products for commercial use before existing competitors or new entrants;
- The risk that alternative technologies are adopted in preference to the Group's technology; and
- The risk of the Group's dependence upon a limited number of suppliers for key components.

Report of the Directors for the year ended 30 June 2008

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Directors and their interests

The Directors who held office during the year were as follows:

John Brown
Stephen Voller (Resigned 4 August 2008)
Mike Clarke
Colin Bonsey
David Port
David Cranston
Robin Francis

The Directors' interests in the ordinary shares of the Company are shown in the Unaudited Remuneration Report on page 12.

Biographical details of the Directors are given on page 6.

In accordance with the Articles of Association, one third of the directors will retire at the forthcoming Annual General Meeting and being eligible will offer themselves for re-election.

Significant shareholdings

On 25 September 2008 the company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the company;

Stephen Voller	12.39%
Universities Superannuation Scheme	9.89%
Progressive Aim Realisation	8.04%
Barclays Wealth	7.66%

Share capital

Information relating to shares issued during the financial period is given in Note 18 to the Financial Statements.

Charitable and political donations

The Group made no charitable or political donations during the year (2007: £nil).

Supplier payment policy

It is the Group's policy to settle debts with its creditors on a timely basis, taking into consideration the terms and conditions offered by each supplier. The number of supplier days outstanding at the year end, based on the average monthly outstanding Group creditor balances was 30 days (2007 30 days).

At the year end the Group had creditors of £307,000 (2007: £345,000). (See Note 17)

Financial instruments

The Directors continue to monitor the Group's financial assets, largely cash and short term debtors, to ensure that the best returns are generated whilst balancing the Group's working capital requirements.

Employee consultation

The Group places considerable value on the involvement of its employees and they are regularly briefed on the Group's activities. Their contribution is a key element to the future success of the Group. Equal opportunity is given to all employees.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. 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.

Stakeholder pension

The Company has designated a stakeholder pension scheme to which the employees can contribute. The Company will not make any contribution to the stakeholder scheme.

Report of the Directors for the year ended 30 June 2008

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Colin Bonsey
Company Secretary

01 October 2008



Directors responsibilities

The directors are responsible for preparing the Annual Report, the Directors Remuneration 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. The directors are required by the IAS Regulation to prepare the group financial statements under IFRS as adopted by the European Union and have also elected to prepare Company financial statements in accordance with IFRS as adopted by the European Union. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. 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.

Other matters

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.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at 10.00 am on 27 November 2008 at Rawdon House, Bond Close, Basingstoke, Hampshire RG24 8PZ. The notice of meeting is enclosed with this report.

By order of the Board

Compliance with the Combined Code

The Company's shares were admitted to trading on AIM of the London Stock Exchange on 1 February, 2005. AIM listed companies are not required to comply with the disclosures of the Combined Code of Corporate Governance. However, the Board supports the principles contained in the Combined Code and is committed to maintaining the highest standards of Corporate Governance. Since admission to AIM, the Group's policy is to try to manage the Group's affairs in accordance with the principles of the Code in so far as it considers it practical to do so and is appropriate for a Company of its size.

Below is a brief description of the Board, its role and its committees followed by details of the Group's systems of internal control.

The Board

The Board consists of three Executive Directors, two Non Executive Directors (NEDs) and a Non Executive Chairman. All Directors are equally accountable for the proper stewardship of the Group's affairs. The NEDs have a particular responsibility to challenge constructively the strategy proposed by the Executive, to scrutinise performance, assess risk and the integrity of financial information and controls and to ensure appropriate remuneration and succession planning arrangements for the Executive Directors. The Board considers that all of the NEDs are independent in character and judgement.

All Directors are subject to re-election by shareholders at least every three years. NEDs are normally expected to serve two three-year terms commencing with the date of the first Annual General Meeting after their date of appointment. There may be circumstances where NEDs are invited, subject to re-election, to remain on the Board for a further three-year period, after the expiry of their second three-year term.

The principal Board Committees are the Audit, Remuneration and Nomination Committees; all report to the Board. During this year the Board has met eleven times.

Audit Committee

The Audit Committee comprises David Port (Chairman) and John Brown, both of whom are NEDs, and is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on. The Committee is also responsible for meeting with the auditors and discussing their audit procedures and the group internal financial controls. During this year the Committee has met twice.

The Audit Committee is responsible for making recommendations to the Board on the appointment of external auditors and their remuneration, for reviewing the accounting principles, policies and practices adopted in the preparation of the interim and annual accounts and reviewing the scope and findings of the audit.

The Committee will keep under review the external auditors' independence including any non audit services that are to be provided by the external auditors. The auditors are also required to confirm their independence at least annually.

Corporate governance statement

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Remuneration Committee

The Remuneration Committee comprises David Cranston (Chairman) and John Brown, both of whom are NEDs. The Committee reviews the performance of the Executive Directors, sets their remuneration and determines the payment of any bonuses. It will also consider the grant of options, under any share option scheme or other incentive scheme of the Company and, in particular the price per share and the application of performance standards to such grants. No Directors will be permitted to participate in discussions or decisions concerning their own remuneration. During the year the Committee has met four times.

Nomination Committee

The Nomination Committee comprises David Cranston (Chairman) and John Brown, both of whom are NEDs and is responsible for dealing with appointments to the Board and senior positions in the management of the Company as well as relevant employment issues that arise in connection thereto. During the year the Committee has met four times.

Internal control and risk

In accordance with guidance for Directors on internal control, The Turnbull Guidance in the Combined Code, the Board confirms that there is a process for identifying, evaluating and managing the significant risks to the achievement of the Group's strategic objectives. The effectiveness of this process is reviewed regularly by the Audit Committee which reports its findings for consideration by the Board.

Auditor independence

The Board has adopted a policy for the periodic review of its external auditors.

Board effectiveness

The Board evaluates its effectiveness on an ongoing basis. In due course a more formal evaluation will be arranged, probably involving external advice.

Shareholder communication

The Board encourages regular dialogue with the Group's shareholders and, in addition, all are invited to attend the Annual General Meeting. The Group's website contains information which shareholders, analysts and potential investors may find useful.

Unaudited remuneration report

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The information included in the unaudited section of the remuneration report is provided on a voluntary basis as there is no obligation for AIM companies to provide such detail.

Remuneration policy

The Remuneration Committee sets directors' remuneration and remuneration policies for all staff. Remuneration levels are set in order to attract high calibre recruits and to retain and motivate those directors and employees once they have joined the Group.

The individual components of the remuneration package offered to both executive directors and employees at all levels are:

Basic salary and benefits

Basic salaries are reviewed annually. The review process is undertaken having regard to the development of the Group and the contribution that individuals will continue to make. The Group does not operate a Group pension scheme or provide other specific benefits; however an additional amount is added to each individual's salary to enable them to determine the particular benefits they wish to put in place.

Bonuses

There are no contractual entitlements to bonuses. The remuneration packages of executive directors may, in future, contain an element of performance-related bonus where appropriate.

Share options

The Group has established an Enterprise Management Incentive ("EMI") share option scheme and a policy for the granting of options to retain and motivate directors and employees.

Service contracts

Each of the executive directors has entered into a service agreement with the Company which is terminable by either party on six months written notice.

Non executive directors

Non executive directors receive a fixed fee for their services and the reimbursement of reasonable expenses incurred in attending meetings. The remuneration of the non-executive directors is determined by the Board as a whole within the overall limits stipulated in the Articles of Association. Non executive directors are not eligible for bonuses.

The services of the non executive directors Messrs Brown, Cranston and Port are provided by letters of appointment with the Company. The appointment letters provided for each of the appointments to be for an initial period of three years commencing on their date of appointment. These appointments have now been renewed on an annual contract basis subject to earlier termination by either party giving one months' written notice.

Directors' interests in shares

The Directors' interests in the ordinary shares of the Company were as stated below:

Ordinary shares of 2p each

	30 June 2008	June 30 2007
	No. shares	No. shares
J Brown	666,000	666,000
M Clarke	1,864,750	1,864,750
C Bonsey	47,027	47,027
D Cranston	13,514	13,514
D Port	16,865	16,865

Audited remuneration report

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Directors' emoluments

The Directors received the following remuneration during the year:

Name of Director	Salary and fees £	Bonus £	Total 2008 £	Total 2007 £
Executive				
Stephen Voller	151,418	-	151,418	169,500
Mike Clarke	151,418	-	151,418	164,500
Colin Bonsey	89,775	-	89,775	96,650
Robin Francis	90,000	-	90,000	56,465
Non- Executive				
John Brown	24,425	-	24,425	24,960
David Cranston	18,317	-	18,317	18,720
David Port	18,317	-	18,317	18,720
	543,670	-	543,670	549,515

Performance incentives

The Company has put in place an Enterprise Management Incentive (EMI) share option scheme. Performance objectives have been identified for the scheme which are appropriate to the successful development of the business.

Directors' interests in share options:

	Exercise Price	Date of Grant	Granted	Lapsed	Converted	Outstanding
						30 June 08
C.P.Bonsey	75p	8 August 2005	100,000	None	100,000	-
	31p	19 October 2006	125,000	None	125,000	-
	2p	26 October 2007	325,000	None	None	325,000
R.M.Clarke	24p	28 November 2006	150,000	None	150,000	-
	2p	26 October 2007	250,000	None	None	250,000
R. Francis	31p	19 October 2006	150,000	None	150,000	-
	2p	26 October 2007	250,000	None	None	250,000

To the shareholders of Voller Energy Group Plc

We have audited the Group and parent company financial statements (the “financial statements”) of Voller Energy Group Plc for the year ended 30 June 2008 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related Notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors’ Remuneration Report that is described as being audited.

This report is made solely to the Company’s members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors’ responsibilities for preparing the Annual Report, the Directors’ Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS’s) as adopted by the European Union, are set out in the Statement of Directors’ Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors’ Remuneration Report to be audited, in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors’ Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS regulation. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors’ Report, the unaudited part of the Directors’ Remuneration Report, the Chairman’s Statement and the Chief Executive’s Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Report of the independent auditors

Voller Energy Group Plc
Annual Report & Accounts 2008

Deloitte & Touche LLP
Chartered Accountants &
Registered Auditors
Southampton, United Kingdom

01 October 2008

Deloitte.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group's and the parent company's affairs as at 30 June 2008 and of the Group's loss and parent company's loss for the year then ended;
- The financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- The information given in the Directors' Report is consistent with the financial statements.

Separate opinion in relation to IFRS

As explained in Note 29 to the group financial statements, the group in addition to complying with its legal obligations to comply with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 30 June 2008 and of its loss for the year then ended.

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in Note 3 of the financial statements concerning the company's ability to continue as a going concern, and in particular regarding the requirement to obtain further funding. The conditions set forth in Note 3 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Consolidated income statement for the year ended 30 June 2008

Voller Energy Group Plc
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	Note	2008 £'000	Restated 2007 £'000
Revenue	5	105	42
Cost of sales		(310)	(40)
Gross (loss)/profit		(205)	2
Administrative expenses	6	(2,795)	(2,543)
Operating loss		(3,000)	(2,541)
Investment revenues	5	201	293
Loss before taxation		(2,799)	(2,248)
Taxation	10	260	238
Retained loss for the financial year		(2,539)	(2,010)
Basic and diluted loss per ordinary share	11	(11.03)p	(8.74)p

All amounts relate to continuing operations.

Consolidated statement of total recognised income and expense

	2008 £'000	Restated 2007 £'000
Retained loss for the financial year	(2,539)	(2,010)
Prior year adjustment (see Note 29)	(28)	
Total recognised income and expense for the period	(2,567)	

The Notes on pages 20 to 39 form part of these financial statements.

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Consolidated balance sheet as at 30 June 2008

Voller Energy Group Plc
Annual Report & Accounts 2008

	Note	2008 £'000	2008 £'000	Restated 2007 £'000	Restated 2007 £'000
Non current assets					
Property, plant and equipment	13		175		257
			175		257
Current assets					
Inventories	15	210		30	
Trade and other receivables	16	526		312	
Cash and cash equivalents		1,948		4,732	
Total current assets		2,684		5,074	
Trade and other payables	17	(307)		(345)	
Net current assets			2,377		4,729
Net assets			2,552		4,986
Equity					
Called up share capital	18		459		459
Share premium account	20		8,884		8,884
Merger reserve	20		161		161
Share option reserve	20		132		27
Retained loss	20		(7,084)		(4,545)
Total equity			2,552		4,986

The financial statements were approved by the Board on 01 October 2008



Robin Francis
Chief Executive Officer



Colin Bonsey
Finance Director

The Notes on pages 20 to 39 form part of these financial statements.

Company balance sheet at 30 June 2008

Voller Energy Group Plc
Annual Report & Accounts 2008

	Note	2008 £'000	2007 £'000
Non Current Assets			
Investments	14	321	216
Current assets			
Trade and other receivables	16	2,552	5,014
Net Assets		2,873	5,230
Equity			
Called up share capital	18	459	459
Share premium account	20	8,884	8,884
Share option reserve	20	132	27
Retained loss	20	(6,602)	(4,140)
Total equity		2,873	5,230
Reconciliation of movements in equity			
Retained loss at start of the year		(4,140)	(2,180)
Provision against intercompany balance		(2,462)	(1,960)
Retained loss at end of the year		(6,602)	(4,140)

The financial statements were approved by the Board on 01 October 2008



Robin Francis
Chief Executive Officer



Colin Bonsey
Finance Director

The Notes on pages 20 to 39 form part of these financial statements.

Consolidated cash flow statement for the year ended 30 June 2008

Voller Energy Group Plc
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	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Net cash outflow from operating activities	22		(2,989)		(2,231)
Investing activities					
Interest received		201		293	
Purchase of property, plant and equipment		(66)		(120)	
Disposal of property, plant and equipment		70		6	
Net cash from financing activities			205		179
Decrease in cash and cash equivalents in the year			(2,784)		(2,052)
Cash and cash equivalents at beginning of the year			4,732		6,784
Cash and cash equivalents at end of the year			1,948		4,732

No Company cash flow statement is included in these accounts as all cash movements are recorded in its subsidiary Voller Energy Limited.

Notes to the consolidated financial statements for the year ended 30 June 2008

Voller Energy Group Plc
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1 General information

Voller Energy Group Plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on the inside back cover. The nature of the group's operations and its principal activities are shown in the Directors report. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2 Adoption of new and revised standards

Adoption of International Financial Reporting Standards

In the current year, for the first time, the Group has prepared its consolidated and company financial statements in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union. In accordance with IFRS 1 First-time adoption of International Financial Reporting Standards, the Group is required to present reconciliations of its equity at the date of transition, 1 July 2006 and at 30 June 2007 together with its income statement for the year ended 30 June 2007.

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies. The impact of these changes in accounting policies is shown in Note 29.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8	Operating segments
IFRIC 11	IFRS 2 – Group Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union for the first time. The Group has historically reported under UK GAAP for statutory purposes. The disclosures required by IFRS concerning the transition from UK GAAP to IFRS are given in Note 29. The date of transition to IFRS was 1 July 2006.

Basis of consolidation

The consolidated Group Financial statements incorporate the results of Voller Energy Group Plc and its subsidiary undertakings Voller Energy Limited and Voller Energy Trading Limited (dormant) as at 30 June 2008. As provided by S230 of the Companies Act 1985, no Company income statement is presented for Voller Energy Group Plc.

Basis of preparation

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

As a result of ongoing investment in the development of the Emerald product range and the recognition that it has not been possible during the current financial year, nor is it likely that it will be possible during the next financial year, to recover the whole of the manufactured cost of the product, the Company continues to be loss making.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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3 Significant accounting policies (continued)

The Company currently does not have sufficient cash resources to continue trading in its current form for a period of at least 12 months from the date of these accounts and, therefore, there is a material uncertainty regarding the Group's ability to continue in operation for the foreseeable future without obtaining further funding. The Company appointed Deloitte Corporate Finance in February 2008 to conduct a strategic review of the options available to raise further funding. Whilst the outcome of the process remains uncertain, in the opinion of the directors there is sufficient reason to believe that the outcome, if successful, could provide sufficient funding for the Company to develop the business for the foreseeable future. Consequently, the Company is dependent upon future investments to continue as a going concern. Without these anticipated cash inflows, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Sales of goods are recognised when the goods are delivered and title has been passed. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Grants

Revenue grants are credited to the income statement (as a credit to administrative expenses) on a case-by-case basis. For revenue grants with defined milestones, revenue is recognised only when the relevant milestone has been achieved and the associated cash has been received.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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3 Significant accounting policies (continued)

Property, plant and equipment

Leasehold improvements, fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the term of the lease
Plant and equipment	5 years
Computer equipment	4 years
Office furniture and fittings	5 years

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

Assets in the course of construction for production or research purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first in first out" (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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3 Significant accounting policies (continued)

Financial instruments

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

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables do not carry any interest and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Investments – short term deposits

Short term deposit investments comprise short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

Trade payables are non interest bearing and are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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3 Significant accounting policies (continued)

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 July 2006. IFRS 20 was applied for the comparative period.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured using a Black Scholes model.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period.

Research and development

Research costs are expensed as incurred. Development expenditure is capitalised when it can be separately measured and its future recoverability can be reasonably regarded as assured. Following initial recognition, the related asset is amortised over the period of expected future sales with impairment reviews being carried out at least annually. The asset is carried at cost less any accumulated amortisation and impairment losses. The Group has not yet capitalised any development costs as the criteria set out in IAS 38 "Intangible Assets" have not been met.

Leases

Leases are classified as financial leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the term of the lease.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

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

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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4 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of the revision and future periods if relevant.

There are no judgements that are considered to be critical judgements that the directors have made in the process of applying the Group's accounting policies and that have any significant effect on the amounts recognised in the financial statements. However, additional funding is required to enable the Group to continue trading in its current form (see Note 3).

5 Revenue

Revenue is wholly attributable to the principal activity of the Company. Turnover, results and assets are by origin located within the United Kingdom. An analysis of the Group's revenue is as follows:

	2008 £'000	2007 £'000
Continuing operations		
Sales of goods	105	42
Revenue	105	42
Investment income	201	293
Total revenue	306	335

Business and geographical segments

Business segments

For management purposes, the group is currently organised into one operating division. This division is the basis on which the group reports its primary segment information.

The principal activity is the production of fuel cell systems being the only segment of the business. As per IAS 14 the Group is not required to produce the segmental analysis as there is only one segment.

The following table provides an analysis of the Group's sales by geographical market:

	2008 £'000	2007 £'000
United Kingdom	79	6
Europe	4	13
North America	10	8
Asia Pacific	12	15
	105	42

The analysis of the carrying amount of its non-current assets under IAS 14 and additions to tangible assets can be seen in the balance sheet and Note 13. All assets are located in the United Kingdom.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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6 Loss for the year

	2008 £'000	2007 £'000
This is arrived at after charging/(crediting):		
Research and Development costs	1,101	1,031
Grant income	(24)	-
Depreciation	78	60
Exchange loss/(gain)	9	(3)
Operating rentals – land and buildings	100	73

The amounts payable to the Group's auditors (shown in Note 7) have been charged within the loss before tax.

7 Auditors' remuneration

	2008 £'000	2007 £'000
Fees payable to Company's auditors for the audit of the Company's annual accounts	15	15
The audit of the Company's subsidiaries pursuant to legislation	4	4
Total audit fees	19	19
Tax services	5	4
	24	23
Fees payable to the Company's auditors and their associates for other services to the Group (see Note below)	25	-
Total	49	23

The other services amount represents the retainer cost of the strategic review effected by Deloitte Corporate Finance.

8 Employees (Group and Company)

	2008 £'000	2007 £'000
Staff costs for all employees, including directors, consist of:		
Wages and salaries	1,240	1,070
Social security costs	143	119
	1,383	1,189

The Company staff costs are £nil (2007: £nil).

The average number of employees of the Group during the year, including Executive Directors, was 23 (2007: 20).

	2008 No.	2007 No.
Finance & Administration	7	7
Manufacturing	4	2
Sales & Marketing	1	3
Development	11	8
	23	20

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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9 Directors' remuneration

	2008 £'000	2007 £'000
Directors' emoluments	544	550

Further disclosures on the remuneration of each individual Director is included in the Audited section of the Remuneration Report on page 13.

10 Taxation on loss from ordinary activities

	2008 £'000	2007 £'000
UK corporation tax		
Current tax on loss of the year	-	-
Adjustment in respect of previous periods	15	40
SME R&D tax credit	245	198
Current tax credit for the year	260	238

The tax credit for the year is lower (2007: lower) than the standard rate of corporation tax (30%) in the UK.
The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(2,799)	(2,220)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007: 30%)	(840)	(666)
Effects of:		
Expenses not deductible for tax purposes	76	11
Depreciation in excess of capital allowances	27	(10)
Adjustment to tax charge in respect of previous years	(15)	(40)
Surrendered for R&D tax credit	61	50
Effect of the rate change	30	-
Current year losses carried forward	401	417
Current tax credit for the year	260	238

A deferred tax asset has not been recognised in respect of timing differences relating primarily to revenue losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1,336,000 (2007: £981,000). The asset would be recovered if there were sufficient trading profits in the future.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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11 Loss per share

	EPS loss per share 2008	Earnings £'000 2008	Weighted average number of shares 2008	EPS loss per share 2007	Earnings £'000 2007	Weighted average number of shares 2007
Basic and diluted	(11.03)p	(2,539)	23,000,513	(8.74)p	(2,010)	23,000,513

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss would only be increased by the exercise of out-of-the-money options. Since it seems inappropriate to assume that option holders would act irrationally, no adjustment has been made to diluted EPS for out-of-the-money share options.

12 Loss for the financial year

Voller Energy Group Plc has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own income statement in these financial statements. The Company's result for the year is a loss of £2,462,000 (2007: £1,960,000)

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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13 Property, plant & equipment

Group	Leasehold improvements £'000	Computer equipment £'000	Plant, machinery and vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At 1 July 2006	74	56	101	21	252
Additions	-	13	100	7	120
Disposals	-	-	(9)	-	(9)
Transfers	-	2	-	(2)	-
At 1 July 2007	74	71	192	26	363
Additions	46	8	12	-	66
Disposals	-	-	(86)	-	(86)
At 30 June 2008	120	79	118	26	343
Depreciation					
At 1 July 2006	9	18	17	5	49
Provision for the year	8	18	28	6	60
Disposals	-	-	(3)	-	(3)
Transfers	-	1	-	(1)	-
At 1 July 2007	17	37	42	10	106
Provision for the year	11	19	42	6	78
Disposals	-	-	(16)	-	(16)
At 30 June 2008	28	56	68	16	168
Net book value					
At 30 June 2008	92	23	50	10	175
At 30 June 2007	57	34	150	16	257

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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14 Fixed asset investments

Amounts are shown at cost

Company	2008 £'000	2007 £'000
Subsidiary undertakings:		
Cost brought forward at 1 July	216	194
Additions	105	22
Cost as at 30 June	321	216

The additions represent share based payment charges, see Note 19.

Subsidiary undertakings

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Voller Energy Limited	England and Wales	100%	Manufacturers and distributors of fuel cell products
Voller Energy Trading Limited	England and Wales	100%	Dormant company

Voller Energy Group Plc took advantage of the merger accounting relief provisions under s131 Companies Act 1985 when it issued equity shares on a share-for-share basis to acquire a 100% interest in Voller Energy Limited.

15 Inventories

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Raw materials	368	37	-	-
Work in progress	7	9	-	-
Finished goods	-	2	-	-
Less: Provision	(165)	(18)	-	-
	210	30	-	-

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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16 Other financial assets

Trade and other receivables

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Trade receivables	89	-	-	-
Amounts due from subsidiary undertakings	-	-	2,552	5,014
Corporation tax	241	198	-	-
Other receivables	139	71	-	-
Prepayments	57	43	-	-
	526	312	2,552	5,014

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Before accepting any new customer, the Group establishes a credit limit by customer. Included in the above amounts no customer is outside of the credit limits established, no amounts are beyond the agreed terms and no provisions have been made against amounts outstanding.

Investments – short term deposits

These balances comprise of bank deposits with maturity of less than three months. The directors consider that the carrying amount of these assets approximates to their fair value.

Cash and cash equivalents

These balances comprise of cash and short-term bank deposits with an original maturity of three months or less. The directors consider that the carrying amount of these assets approximates to their fair value.

17 Other financial liabilities

Trade and other payables

	Group 2008 £'000	Group 2007 £'0010	Company 2008 £'000	Company 2007 £'000
Trade creditors	135	126	-	-
Tax and social security creditor	37	40	-	-
Other creditors	26	56	-	-
Accruals	109	123	-	-
	307	345	-	-

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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18 Share capital

			Authorised	
	2008 Number	2007 Number	2008 £'000	2007 £'000
Ordinary shares of 2p each	75,000,000	25,000,000	1,500	500

A resolution was passed on 24 October 2007 at the Company's Annual General Meeting to increase the authorised share capital from £500,000 to £1,500,000 by the creation of 50,000,000 additional ordinary shares of 2p each, ranking equally with the existing ordinary shares of 2p each.

			Allotted, called up and fully paid	
	2008 Number	2007 Number	2008 £'000	2007 £'000
Ordinary shares of 2p each	23,000,513	23,000,513	459	459

19 Share based payments

Enterprise Management Scheme

Number of Options	1 July			Options converted	30 June 2008
	2007	Granted	Exercised		
	985,000	1,735,000	NIL	(945,000)	1,775,000

Date of Grant	Price	Date from which exercisable	Last expiry date	Number
26 October 2007	2p	31 December 2008	25 October 2014	660,000
26 October 2007	2p	31 December 2009	25 October 2014	1,075,000

The weighted average number of share options in issue during the year was 1,485,000 and the average share price of options in issue during the same period was 13.36p.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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19 Share based payments (continued)

Equity settled share options scheme

The Company has a share option scheme for all employees of the Group. Options are exercisable at a price and a vesting date determined to be appropriate by the Remuneration and Nominations Committee. Options are forfeited if the employee leaves the Group before the options vest.

In November 2007, the Company announced that it had made amendments to the scheme, which would only be applicable to new awards, in order to provide greater flexibility in the terms of awards made under the scheme. The main changes to the scheme are as follows:

- Awards may now be granted as retentive performance shares, with a nominal exercise price.
- There will be greater flexibility in the performance targets that can apply to awards. Going forward these may be related to group or business unit performance or product development goals.
- Performance target periods and vesting periods are no longer required to be a fixed 3 year period.

The Group has applied the requirements of IFRS 2 “share based payments”. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 July 2006. The Group issues equity-settled share based payments to certain employees and directors. Equity-settled share based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period. Fair value is measured by use of a Black-Scholes model.

The input into the Black-Scholes option pricing model are as follows:

	2008	2007
Expected life	3.0 Years	5.0 Years
Expected volatility	40%	40%
Risk free rate of return	4.286%	4.286%
Expected dividends	0.0%	0.0%

Expected volatility was determined by calculating the historic volatility of the Group’s share price since listing on the AIM market and by considering the volatility of other similarly listed AIM companies.

The impact of implementing IFRS 2 “Share based payments” is as follows:

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Income statement				
Administrative expenses	2,690	2,493	-	-
IFRS 2 adjustment	105	22	-	-
Revised total	2,795	2,515	-	-
Balance sheet				
Share option reserve	(105)	(27)	(105)	(27)
Income statement deficit	105	27	-	-
Fixed asset investment	-	-	105	27
Increase in net assets	-	-	105	27

The amounts shown above have been included within administrative expenses for the relevant periods.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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20 Reserves

	Share option reserve £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
Group				
As at 1 July 2007	27	8,884	161	(4,545)
Loss for the year	105	-	-	(2,539)
At 30 June 2008	132	8,884	161	(7,084)
Company				
At 1 July 2007	27	8,884	-	(4,140)
Loss for the year	105	-	-	(2,462)
At 30 June 2008	132	8,884	-	(6,602)

21 Reconciliation of movements in shareholders' funds

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Loss for the year	(2,539)	(2,010)	(2,462)	(1,960)
IFRS 2 adjustment	105	22	105	22
Net reduction to shareholders' funds	(2,434)	(1,988)	(2,357)	(1,938)
Opening shareholders' funds	4,986	6,974	5,230	7,168
Closing shareholders' funds	2,552	4,986	2,873	5,230

22 Reconciliation of operating loss to net cash outflow from operating activities

	2008 £'000	2007 £'000
Operating loss	(3,000)	(2,513)
Depreciation	78	60
Taxation	213	140
Increase in stocks	(180)	(1)
Increase in debtors	(167)	(24)
Increase in creditors	67	107
Net cash outflow from operating activities	(2,989)	(2,231)

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group Plc
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23 Reconciliation of net cash outflow to movement in net funds

	2008 £'000	2007 £'000
Decrease in cash in the year	(2,784)	(2,052)
Change in net debt resulting from cash flows	(2,784)	(2,052)
Net funds at start of the year	4,732	6,784
Net funds at end of year	1,948	4,732

24 Financial instruments

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Financial risk management objectives

The Group's finance function monitors and manages the financial risks relating to the operations of the Group. The Group's activities expose it primarily to the financial risks of changes in interest rates.

The Group seeks to minimise the effects of these risks. The Group's policies approved by the board of directors provide written principles on, interest rate risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk of liquid funds (cash, cash equivalents and short term deposits) is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity and interest risk management

The Group is exposed to the interest rate risks associated with its holdings of cash and cash equivalents and short term deposits. The Group invests its excess cash in fixed interest short-term deposits with maturity profiles up to one year.

Ultimate responsibility for liquidity risk management rests with the board of directors, which regularly monitors the Group's short, medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's financial liabilities consist of trade and other payables as shown on the balance sheet. No interest is paid on these balances and all amounts are due within 3 months.

Fair value of financial instruments

Carrying amounts of financial instruments are a reasonable approximation of the fair values of those instruments.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group PLC
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25 Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

26 Controlling party

As at the date of these accounts, the directors, together, owned less than 50% of the issued share capital of the Company and hence, in the opinion of the directors, there is no ultimate controlling party.

27 Operating lease arrangements

The Group as lessee:

	2008	2007
	£'000	£'000
Minimum lease payments under operating leases recognised as an expense in the year	100	73

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2008	2007
	£'000	£'000
Within one year	115	73
In the second to fifth year inclusive	458	291
After five years	191	194
	764	558

28 Post balance sheet events

On 4 August 2008, it was announced that Stephen Voller had stepped down as Chief Executive Officer and that he would be replaced by Robin Francis.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

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29 Explanation of Transition to IFRS

Reconciliation of equity as at 1 July 2006

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Non-current assets			
Property, plant & equipment	203	-	203
Current assets			
Inventories	29	-	29
Trade and other receivables	190	-	190
Cash and cash equivalents	6,784	-	6,784
Current assets	7,003	-	7,003
Current liabilities			
Trade and other payables	232	-	232
Net current assets	6,771	-	6,771
Net assets	6,974	-	6,974
Equity			
Share capital	459	-	459
Share premium account	8,884	-	8,884
Merger reserve	161	-	161
Share option reserve	5	-	5
Retained loss	(2,535)	-	(2,535)
Total equity	6,974	-	6,974

Details of changes

The impact of implementing IAS19 "Employee Benefits" and IAS 17 "Leases" as at 1 July 2006, has been reviewed and the resulting adjustment required deemed to be immaterial and therefore not adjusted.

Notes to the consolidated financial statements continued for the year ended 30 June 2008

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29 Explanation of Transition to IFRS (continued) Reconciliation of equity as at 30 June 2007

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Non-current assets			
Property, plant & equipment	257	-	257
Current assets			
Inventories	30	-	30
Trade and other receivables	312	-	312
Cash and cash equivalents	4,732	-	4,732
Current assets	5,074	-	5,074
Current liabilities			
Trade and other payables	317	28	345
Net current assets	4,757	(28)	4,729
Net assets	5,014	(28)	4,986
Equity			
Share capital	459	-	459
Share premium account	8,884	-	8,884
Merger reserve	161	-	161
Share option reserve	27	-	27
Retained loss	(4,517)	(28)	(4,545)
Total equity	5,014	(28)	4,986

Notes to the consolidated financial statements continued for the year ended 30 June 2008

Voller Energy Group PLC
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29 Explanation of Transition to IFRS (continued) Reconciliation of profit for the year ended 30 June 2007

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Continuing operations			
Revenue	42	-	42
Cost of sales	40	-	40
Gross profit	2	-	2
Administrative expenses	2,515	28	2,543
Operating loss	(2,513)	(28)	(2,541)
Investment revenue	293	-	293
Loss before taxation	(2,220)	(28)	(2,248)
Tax	238	-	238
Loss for the period	(1,982)	(28)	(2,010)
Summary of adjustments			
IAS 19 "Employee benefits"			15
IAS 17 "Leases"			13
			28

Details of changes

IAS 19 "Employee benefits"

IAS 19 requires companies to make an accrual for holiday pay. At the date of transition of 1 July 2006, no adjustment was required but as of 30 June 2007 a £15,000 holiday accrual was recognised with a corresponding adjustment being made to retained earnings.

IAS 17 "Leases"

IAS 17 requires that any benefits received and receivable as an incentive to sign an operating lease are spread from the inception to the termination of the lease, whereas under UKGAAP the incentives are spread over the period to the break point under the lease. At the date of transition no adjustment was required but as of 30 June 2007 a £13,000 non current liability was recognised with a corresponding adjustment being made to retained earnings.

These adjustments have no cash impact.

Notice of meeting

Voller Energy Group Plc
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Notice is hereby given that the Annual General Meeting of Voller Energy Group Plc (the "Company") will be held at 10.00 am on 27 November 2008 at Rawdon House, Bond Close, Basingstoke, Hampshire RG24 8PZ for the following purposes:-

To consider and, if thought fit, pass the following resolutions of which resolutions 1-4 will be proposed as ordinary resolutions of the Company and resolutions 5, 6 and 7 will be proposed as special resolutions of the Company.

Ordinary Business

1. To receive the report of the directors and the accounts for the financial year ended 30 June 2008 and the auditor's report thereon.
2. To elect John Brown as a director of the Company who retires by rotation, in accordance with the Company's articles of association, as a director of the Company.
3. To re-elect Richard M Clarke who retires by rotation, in accordance with the Company's articles of association, as a director of the Company.
4. To re-appoint Deloitte and Touche LLP as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the shareholders and to authorise the directors to fix the auditors' remuneration.

Special Business

5. That the directors be and they are hereby generally empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of section 94 of the Act) for cash, as if section 89(1) of the Act did not apply to the allotment.

This power is limited to:-

- (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:-
 - (i) to deal with equity securities representing fractional entitlements;
and
 - (ii) to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange;
and
- (b) the allotment of equity securities for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount of £69.000

and this power will expire on the date 15 months from the date of this resolution or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting) but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

Notice of meeting

Voller Energy Group Plc
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6. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 2 pence each in the Company provided that:-
 - (a) the maximum number of ordinary shares which may be purchased is 2,300,000;
 - (b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 2 pence;
 - (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to 105 per cent of the average of the middle market quotations of an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased;
 - (d) this authority shall expire on the date 15 months from the date of this resolution or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting); and
 - (e) the Company may, before such expiry, enter into one or more contracts to purchase ordinary shares under which such purchases may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.
7. That, Articles 119-126 of the existing articles of association be deleted and new Articles 119-139 as set out in the document produced to the Meeting and signed by the Chairman be substituted in their place and the existing Articles 127-166 be renumbered accordingly.

By order of the Board



Colin Bonsey
Company Secretary
Rawdon House, Bond Close,
Basingstoke, Hants, RG24 8PZ
01 October 2008

Notice of meeting

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Notes

1. A member entitled to attend and vote at the Meeting is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person at the Meeting.
2. To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed (or a notarially certified copy of such power or authority) must be received by the Company's registrars, Capita IRG not less than 48 hours before the time for holding the Meeting. A form of proxy is enclosed with this notice.
3. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
4. The following documents, which are available for inspection during normal business hours at the registered office for the Company (public holidays excluded) will also be available for inspection at the place of the Annual General Meeting from 09.45 am until its conclusion:-
 - (a) the register of interests of directors (and their families) in the share capital of the Company;
 - (b) copies of all directors' service contracts and letters of appointment;
 - (c) the Articles of Association of the Company; and
 - (d) a copy of the amendments proposed to be made to the Articles of Association pursuant to resolution 7 above.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is 6.00 pm on 25 November 2008. If the Meeting is adjourned, the time by which a person must be entered on the register of members is 6.00 pm on the day preceding the date fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Meeting.
6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
 - (a) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (b) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in sub-paragraph (a) above.
7. Persons who are not shareholders in the Company will not be admitted to the Meeting unless prior arrangements are made with the Company.
8. Explanatory Notes in relation to resolution number seven.

The Companies Act 2006 (the "2006 Act") is being implemented in stages. The phase that came into force on 1 October 2008 introduces changes relating to directors' conflicts of interest.

The new provisions mean that a director must avoid a situation where there is, or might be, a direct or indirect interest that conflicts with the Company's interests. The requirement is very broad and could apply if a director becomes a director of another company or a trustee of a different organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts where the articles of association contain suitable provisions. The 2006 Act also allows the articles of association of a company to include provisions for dealing with directors' conflicts of interest to avoid any potential breach of duty on the part of the directors. The amendments proposed to be made to the Company's articles of association (the "Articles") pursuant to Resolution 7 give the directors authority to approve such situations and to allow conflicts of interest to be dealt with in a similar manner to the way in which they are currently handled.

The new provisions include safeguards so that only directors who have no interest in the matter being considered will be able to take the decision and in making the decision the directors must act in a way they consider most likely to promote the success of the company. The directors will also be able to impose limits or conditions on the authorisation that they have given.

The proposed amendments also contain provisions relating to confidential information to protect a director from being in breach of duty if a conflict of interest arises. These provisions can only apply where the situation giving rise to the conflict has already been authorised by the directors.

9. Given the staged implementation of the 2006 Act, a comprehensive review of the Articles will be undertaken before the 2009 AGM and it is anticipated that further amendments to the Articles will be proposed at that time.

Form of Proxy

Voller Energy Group Plc

Form of Proxy for use by ordinary shareholders for the Annual General Meeting to be held on 27 November 2008.

I/We (full name)

Of (address)

being (a) holder(s) of ordinary shares in the Company, hereby appoint the Chairman of the meeting or (Note 1).

Or

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 27 November 2008 and at any adjournment thereof.

I/We direct my/our proxy to vote as indicated by an X in the appropriate column (Note 2).

Resolutions	For	Against	Vote Withheld
1. Ordinary Resolution to receive the accounts and reports of the directors and auditors for the financial year ended 30 June 2008	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ordinary Resolution to re-appoint Mr J Brown as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ordinary Resolution to re-appoint Mr R M Clarke as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ordinary Resolution to re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the directors to fix the auditors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Special Resolution to give the directors power to allot securities for cash without making an offer to shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Special Resolution to give the Company power to make market purchases of its own shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Special Resolution to give the Company authority to amend the Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The proxy may vote as he/she thinks fit (or abstain) on any resolutions where no specific direction is given or any other business which may properly come before this meeting.

Signature Date 2007

Notes:

- If you wish to appoint a proxy other than the Chairman of the meeting, cross out the words "the Chairman of the meeting" and write the full name and address of your proxy on the dotted line. The change should be initialled. A proxy need not be a member of the Company.
- In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified resolutions and, unless otherwise instructed, may also vote or abstain from voting as he/she thinks fit on any other matter (including amendments to resolutions) which may properly come before the meeting. It should be noted that a vote withheld is not a vote in law and will not be counted as a vote for or against a resolution.
- This form must be signed and dated by the shareholder or his/her attorney duly authorised in writing. In the case of a corporation this form must be given under its common seal or signed on its behalf by a duly authorised officer or an attorney. In the case of joint holders the signature of any one holder will be sufficient but the names of all the joint holders should be stated. The vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
- To be effective at the meeting this form must be lodged at the Company's Registrars, Capita Registrars, Proxies Department, PO Box 25, Beckenham, Kent, BR3 4BR not later than 48 hours before the time of the meeting together, if appropriate, with the power of attorney or other authority under which it is signed or a duly certified copy of that power or authority.

First fold

BUSINESS REPLY SERVICE
Licence No. MB 122



Capita Registrars
Proxies Department
PO Box 25
BECKENHAM
Kent BR3 4BR

Second fold, then tuck in flap and tape along edge

Corporate Information

Voller Energy Group Plc
Annual Report & Accounts 2008

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Colin Bonsey
Rawdon House, Bond Close
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Company Number

5140949

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