



19 May 2010

**YCO Group plc**  
**(“YCO”, the “Company” or the “Group”)**  
**Results for the year ended 31 December 2009**

YCO Group plc, a leading provider of specialist services to superyachts, today announces its audited preliminary results for the year ended 31 December 2009.

**Financial Highlights**

- Revenue of £24.7m (2008: £28.5m)
- Gross profit increased by 33% to £7.0m (2008: £5.3m)
- Profit before tax of £31,000 (2008: loss of £684,000)
- Better mix of revenue, reflecting stronger performance of YCO Brokerage, YCO Management, YCO Crew Recruitment and Yacht Help Group

**Operational Highlights**

- Completion of group restructuring with new Chief Executive overseeing the successful implementation of a cost reduction programme and the consolidation of Yacht Help Group
- Strong performance at YCO Brokerage, ahead of management’s expectations
- Increased number of contracted superyachts by 34% to 51 (2008: 38)
- Strengthened teams at YCO Brokerage and YCO Management, reflecting confidence in improving market conditions
- Yacht Fuel Services has maintained its leading position in the market and benefited from increased operating margins

Charlie Birkett, Chief Executive, commented:-

“2009 has been an important year of transition for the Group. Despite the backdrop of a very challenging environment for luxury tourism, YCO has completed a successful turnaround programme that has resulted in the Group reporting a maiden profit.

As a result of this turnaround, the Group has a great opportunity, with a strengthened management and service offering, to increase our share of the superyacht services market going forward. This combined with the continued, gradual recovery of the market leads us to approach the future with optimism.”

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## **Chairman's Statement**

2009 was a year of significant change at YCO Group.

Against a background of challenging market conditions, the Board undertook an extensive restructuring programme resulting in an integrated business with a strengthened service offering. The restructuring will also enable the Group to expand the business effectively, as appropriate, as market conditions improve.

Significant savings have also been made in operational overheads and the turnaround has resulted in a maiden profit being reported for the year. The Board expects that the full benefits of these savings will be gained during 2010.

The Board is satisfied that the businesses throughout the Group are now managed more efficiently in terms of both costs and operations. However, efforts are ongoing to further improve the Group's efficiency and to reduce its cost base, in addition to strengthening the service offering and to continue to keep the Group moving ahead in its marketplace.

Led by our new CEO, Charlie Birkett and YCO Managing Partner and YCO Group Executive Director Gary Wright, who are both very experienced in the superyacht industry, the outlook for 2010 is encouraging as the world emerges from a challenging economic climate. We are witnessing signs of a gradual recovery, from which we expect the luxury travel and tourism market to benefit.

I would like to thank my fellow Board members and all the Group's employees for their support and hard work in achieving the Group's impressive turnaround. With an enhanced starting position for 2010, improved operations and an established philosophy of corporate control and responsibility, we approach the year ahead with enthusiasm and optimism.

Peter Jay  
**Non Executive Chairman**

## **Chief Executive's Report**

In 2009, the Group successfully achieved a turnaround to report a maiden profit for the year following the losses reported for both 2008 and the first half of 2009.

Key factors driving the performance recovery have been:

- successful completion of Group restructuring at both corporate and management level
- reductions within the business cost base
- strengthened teams and expanded operations in brokerage.

As a result, the Group exceeded the Board's expectations in Yacht Brokerage, which generates the highest margins, while increasing our market share in Yacht Management.

The Group has also continued to reinvest in corporate structure and IT systems to ensure that it is well placed and well structured to leverage the anticipated upturn in the market.

### **Review of Business Operations:**

#### **Brokerage**

The Board was prudent in its expectations for 2009, in anticipation of the effects of the economic downturn. However the Group took the opportunity to strengthen the team, introduce a specialist division handling luxury sailing yachts and continue to develop advanced customer management systems.

During 2009, YCO Brokerage was involved in two of the most prominent superyacht sales in the industry.

#### **Management**

YCO Management operates from two offices with 23 staff, generating revenue from contracted monthly retainers for Yacht Management, Project Management and from additionally priced one-off services and consultancy.

YCO Management continued to develop systems and services in accordance with its strategy, to ensure its clients receive the best possible service. The division completed the roll-out of the (client management software) YCO Live to all yachts and introduced the YCO VISA debit card.

As a result, and due to the increased number of existing yacht owners looking for improved cost control, YCO Management continued to grow the number of contracted yachts.

#### **Crew Recruitment**

In a highly competitive market, YCO Crew lowered its fees to remain competitively priced. As a result of this reduction in margins, combined with a less active marketplace, management took measures to reduce overheads and to recalibrate the business. The division remains under review as part of the wider ongoing restructuring programme.

#### **Yacht Fuel Services**

Operating with four staff from headquarters in London with an office in the South of France, Yacht Fuel Services generates revenue through the sale of fuels and lubricants to superyachts.

While YFS benefited from a fall in fuel prices, it was affected by reduced movement of yachts and fewer trans-Atlantic crossings. The Company took steps at the beginning of the year to reduce marketing costs in preparation for the adverse trading conditions.

YFS maintained its strong position in the market, making multiple deliveries to 240 unique yachts of over 30 metres. Increased margins helped to offset a reduction in tonnage sold, and overall the division performed in line with management's expectations.

### **Yacht Help Group**

At the beginning of the year, Yacht Help Group operated from three offices with 15 permanent staff, generating revenue through the supply of concierge services and provisions to superyachts.

During the year, the division suffered from the reduced number of yachts in transit. As a result of this the decision was taken to reduce the workforce to 10 full time staff, with a stronger focus on developing business in the key locations of Antibes and Barcelona.

In particular, the shipyard based provisioning and concierge services performed strongly during the year and these will continue to be developed as a key area of the business in the future.

### **Summary**

It has been the Board's priority to take the necessary steps in 2009 to ensure that the Group emerges from the economic downturn a stronger and more efficient business and one which is well placed to deliver future growth.

In what has been the most challenging of environments, the results for 2009 announced today have demonstrated significant progress. Recognition for this achievement must go to the whole YCO Group team, as it is the hard work of all of our employees which has enabled the restructuring of the Group to be achieved so successfully.

### **Outlook**

YCO Group continues to benefit from income from sales completed in the latter part of 2009 and has achieved some smaller transactions in the first part of 2010 which are encouraging.

The Group's diverse business model and complementary revenue streams have also been a decisive factor in the Group's turnaround during 2009, in what was a challenging market.

While it is clear that the market has shown some signs of recovery, the Board still expects continuing pressure on fees and commissions, therefore it will continue to focus on the cross-selling of the Group's services whilst seeking to improve margins.

The Group will continue to seek to improve its service offering and to invest in marketing initiatives, IT and finance reporting systems, as well as looking to reduce corporate overheads further, where appropriate. There are consolidation opportunities in the market and the Board is considering its approach to growth and investigating possible future expansion opportunities.

The completed restructuring programme gives the business a great opportunity, with a strengthened management and service offering, to increase our share of the superyacht services market going forward. This combined with the continued, gradual recovery of the market leads us to approach the future with optimism.

Charlie Birkett  
**CEO**

**Consolidated Income Statement**  
**for the year ended 31 December**

|   | Notes | 2009<br>£    | 2008<br>£       |
|---|-------|--------------|-----------------|
| <b>Revenue</b>  |       | 24,694,534   | 28,501,012      |
| Cost of sales   |       | (17,704,305) | (23,226,666)    |
|   |       | <hr/>        | <hr/>           |
| <b>Gross profit</b>                                     |       | 6,990,229    | 5,274,346       |
| Administrative expenses                                 |       | (6,907,952)  | (5,997,982)     |
| Operating profit/(loss)                                 | 4     | <hr/> 82,277 | <hr/> (723,636) |
| Finance costs   | 3     | (55,977)     | (14,602)        |
| Finance income  | 3     | 4,504        | 54,159          |
|   |       | <hr/>        | <hr/>           |
| Profit/(loss) before tax                                |       | 30,804       | (684,079)       |
| Income tax charges                                      | 5     | (19,851)     | -               |
|   |       | <hr/>        | <hr/>           |
| <b>Profit/(loss) for the year</b>                       |       | 10,953       | (684,079)       |
|   |       | <hr/>        | <hr/>           |
| <b>Attributable to:</b>                                 |       |              |                 |
| Owners of the company                                   |       | <hr/> 10,953 | <hr/> (684,079) |
| Earnings/(loss) per share expressed in pence per share: | 6     |              |                 |
| Basic –pence  |       | 0.02         | (1.85)          |
|   |       | <hr/>        | <hr/>           |
| Diluted –pence  |       | 0.02         | (1.85)          |
|   |       | <hr/>        | <hr/>           |

**Consolidated Statement of Financial Position as at**  
**31 December 2009**

|                                       | Notes | 2009<br>£   | 2008<br>£   |
|---------------------------------------|-------|-------------|-------------|
| <b>ASSETS</b>                         |       |             |             |
| <b>NON-CURRENT ASSETS</b>             |       |             |             |
| Goodwill                              |       | 15,332,787  | 15,332,787  |
| Intangibles                           |       | 242,802     | 279,606     |
| Property, plant and equipment         |       | 618,543     | 827,305     |
|                                       |       | <hr/>       | <hr/>       |
|                                       |       | 16,194,132  | 16,439,698  |
| <br><b>CURRENT ASSETS</b>             |       |             |             |
| Inventories                           |       | 4,120       | 203,960     |
| Trade and other receivables           |       | 5,204,800   | 5,968,157   |
| Cash and cash equivalents             |       | 560,299     | 859,283     |
|                                       |       | <hr/>       | <hr/>       |
|                                       |       | 5,769,219   | 7,031,400   |
| <br><b>LIABILITIES</b>                |       |             |             |
| <b>CURRENT LIABILITIES</b>            |       |             |             |
| Trade and other payables              |       | 6,606,431   | 8,318,120   |
| Financial liabilities – borrowings    |       |             |             |
| Interest bearing loans and borrowings |       | 21,983      | 23,772      |
| Tax payable                           |       | 19,851      | -           |
|                                       |       | <hr/>       | <hr/>       |
|                                       |       | 6,648,265   | 8,341,892   |
| <br><b>NET CURRENT LIABILITIES</b>    |       |             |             |
|                                       |       | <hr/>       | <hr/>       |
|                                       |       | (879,046)   | (1,310,492) |
| <br><b>NON-CURRENT LIABILITIES</b>    |       |             |             |
| Financial liabilities – borrowings    |       |             |             |
| Interest bearing loans and borrowings |       | 18,459      | 41,113      |
|                                       |       | <hr/>       | <hr/>       |
| <b>NET ASSETS</b>                     |       | 15,296,627  | 15,088,093  |
|                                       |       | <hr/> <hr/> | <hr/> <hr/> |
| <br><b>EQUITY AND RESERVES</b>        |       |             |             |
| Called up share capital               |       | 168,584     | 168,584     |
| Share premium                         |       | 15,208,685  | 14,958,685  |
| Retained earnings                     |       | (251,258)   | (262,211)   |
| Other reserves                        |       | 194,706     | 194,706     |
| Translation reserve                   |       | (24,090)    | 28,329      |
|                                       |       | <hr/>       | <hr/>       |
|                                       |       | 15,296,627  | 15,088,093  |
|                                       |       | <hr/> <hr/> | <hr/> <hr/> |

**Consolidated Statement of Cash Flows**  
**for the year ended 31 December**

|   | Notes | 2009<br>£ | 2008<br>£   |
|---|-------|-----------|-------------|
| <b>Cash flows from operating activities</b>         |       |           |             |
| Cash generated from operations                      | 7     | (13,074)  | 238,244     |
| Finance costs                                       |       | (55,977)  | (14,602)    |
| Corporation tax paid                                |       | -         | (109,025)   |
| Net cash (outflow)/inflow from operating activities |       | (69,051)  | 114,617     |
| <b>Cash flows from investing activities</b>         |       |           |             |
| Purchase of intangibles                             |       | (204,185) | (156,479)   |
| Purchase of plant and equipment                     |       | (81,935)  | (424,646)   |
| Proceeds from sale of tangible assets               |       | 46,024    | 15,855      |
| Acquisition of subsidiaries (Note 9)                |       | -         | (8,074,162) |
| - net cash acquired                                 |       | -         | 449,651     |
| Interest received                                   |       | 4,504     | 54,159      |
| Net cash (outflow) from investing activities        |       | (235,592) | (8,135,622) |
| <b>Cash flows from financing activities</b>         |       |           |             |
| Received/(repayment) of loan to related parties     |       | 38,181    | (81,067)    |
| Proceeds from issue of new shares                   |       | -         | 8,200,000   |
| Repayment of bank loan                              |       | (1,355)   | (51,689)    |
| Repayment of finance lease                          |       | (24,443)  | (36,016)    |
| Net cash inflow from financing activities           |       | 12,383    | 8,031,228   |
| (Decrease)/increase in cash and cash equivalents    |       | (292,260) | 10,223      |
| Cash and cash equivalents at beginning of year      |       | 859,283   | 849,060     |
| Foreign exchange currency translation               |       | (6,724)   | -           |
| Cash and cash equivalents at end of year            |       | 560,299   | 859,283     |
| <b>Represented by:</b>                              |       |           |             |
| Cash at bank and in hand                            |       | 560,299   | 859,283     |
| Bank overdraft *                                    |       | -         | -           |
|   |       | 560,299   | 859,283     |

\* The Company has an overdrawn balance which has the right to set off for the Group.

## Notes to the Financial Statements

### 1. GENERAL INFORMATION

YCO Group PLC is a company incorporated in England and Wales and quoted on the Alternative Investment Market of the London Stock Exchange. The Company changed to its present name on 16 July 2009 upon the successful reorganisation of the Group.

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

### 2. SEGMENTAL ANALYSIS

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions (i.e. marine fuel and support services). However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the category of goods and services. The principal categories are support services and client services. The Group's reportable segments under IFRS 8 are therefore as follows:

Support services relate to the goods and services provided to the yacht to enable the yacht to operate (ie: marine fuel and provisioning).

Client services relate to the services provided on behalf of client (ie: yacht management, yacht sales, yacht purchase, yacht charter, charter marketing, crew recruitment, new construction and project management).

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

The chief operating decision maker internal report is based on business segment, which consists of marine fuel and support services as disclosed below.

| <b>Segment Results - 2009</b>   | <b>Support<br/>Services<br/>2009<br/>£</b> | <b>Client<br/>Services<br/>2009<br/>£</b> | <b>Total<br/>2009<br/>£</b> |
|---|--|---|-----------------------------|
| Revenue   |  |   |                             |
| Total   | 18,234,777                                 | 7,336,181                                 | 25,570,958                  |
| Inter company   | (796,079)                                  | (80,345)                                  | (876,424)                   |
| Revenue   | <u>17,438,698</u>                          | <u>7,255,836</u>                          | <u>24,694,534</u>           |
| Operating profit before depreciation, amortisation share based payment charges and restructuring costs: | 86,895                                     | 436,385                                   | 523,280                     |
| Depreciation of tangibles   | (31,148)                                   | (153,383)                                 | (184,531)                   |
| Amortisation of intangibles   | (27,643)                                   | (228,829)                                 | (256,472)                   |
| Operating profit  | 28,104                                     | 54,173                                    | 82,277                      |
| Net finance expense   |  |   | (51,473)                    |
| Profit before taxation  |  |   | <u>30,804</u>               |
| <b>Segment Assets</b>   |  |   |                             |
| Property, plant and equipment   | 144,216                                    | 474,327                                   | 618,543                     |
| Intangible assets   | 2,864,281                                  | 12,711,308                                | 15,575,589                  |
| Other assets  | 3,751,666                                  | 2,017,553                                 | 5,769,219                   |
|   | <u>6,760,163</u>                           | <u>15,203,188</u>                         | <u>21,963,351</u>           |

| <b>Segment Results - 2008</b>  | <b>Support<br/>Services<br/>2008<br/>£</b> | <b>Client<br/>Services<br/>2008<br/>£</b> | <b>Total<br/>2008<br/>£</b> |
|--|--|---|-----------------------------|
| Revenue  |  |   |                             |
| Total  | 24,216,830                                 | 5,400,901                                 | 29,617,731                  |
| Inter company  | (938,622)                                  | (178,097)                                 | (1,116,719)                 |
| Revenue  | <u>23,278,208</u>                          | <u>5,222,804</u>                          | <u>28,501,012</u>           |
| Operating profit before depreciation, amortisation share based payment charges and restructuring costs | (6,664)                                    | (91,250)                                  | (97,914)                    |
| Depreciation of tangibles  | (16,015)                                   | (102,846)                                 | (118,861)                   |
| Amortisation of intangibles  | (4,367)                                    | (105,748)                                 | (110,115)                   |
| Restructuring costs  | (136,746)                                  | (260,000)                                 | (396,746)                   |
| Operating profit   | <u>(163,792)</u>                           | <u>(559,844)</u>                          | <u>(723,636)</u>            |
| Net finance expense  |  |   | 39,557                      |
| Profit before taxation   |  |   | <u>(684,079)</u>            |
| <b>Segment Assets</b>  |  |   |                             |
| Property, plant and equipment  | 176,845                                    | 650,460                                   | 827,305                     |
| Intangible assets  | 2,888,576                                  | 12,723,817                                | 15,612,393                  |
| Other assets   | 3,123,333                                  | 3,908,067                                 | 7,031,400                   |
|  | <u>6,188,754</u>                           | <u>17,282,344</u>                         | <u>23,471,098</u>           |

The chief operating decision maker also report on geographical segment, which consists of Europe, Americas and the rest of the world. The breakdown of the revenue is shown below. The business segment consist of marine fuel and support services as shown below:

|                     | <b>Europe<br/>2009<br/>£</b> | <b>Americas<br/>2009<br/>£</b> | <b>Rest of the<br/>world<br/>2009<br/>£</b> | <b>Total<br/>2009<br/>£</b> |
|---------------------|------------------------------|--------------------------------|---|-----------------------------|
| Revenue             | 15,548,971                   | 3,276,988                      | 5,868,574                                   | 24,694,53                   |
| Total assets        | <u>21,963,351</u>            | <u>-</u>                       | <u>-</u>                                    | <u>21,963,351</u>           |
| Capital Expenditure | <u>428,779</u>               | <u>-</u>                       | <u>-</u>                                    | <u>428,779</u>              |
|                     | <b>Europe<br/>2008<br/>£</b> | <b>Americas<br/>2008<br/>£</b> | <b>Rest of the<br/>world<br/>2008<br/>£</b> | <b>Total<br/>2008<br/>£</b> |
| Revenue             | 19,411,278                   | 3,555,174                      | 5,534,560                                   | 28,501,012                  |
| Total assets        | <u>23,471,098</u>            | <u>-</u>                       | <u>-</u>                                    | <u>23,471,098</u>           |
| Capital Expenditure | <u>666,857</u>               | <u>-</u>                       | <u>-</u>                                    | <u>666,857</u>              |

### 3. NET FINANCE INCOME

|                            | 2009<br>£       | 2008<br>£     |
|----------------------------|-----------------|---------------|
| Finance income:            |                 |               |
| Deposit account interest   | 2,101           | 54,159        |
| Other interest received    | 2,403           | -             |
|                            | <u>4,504</u>    | <u>54,159</u> |
| Finance costs:             |                 |               |
| Bank interest              | 53,213          | 12,563        |
| Bank loan interest         | 16              | 771           |
| Other interest             | 2,748           | 1,268         |
|                            | <u>55,977</u>   | <u>14,602</u> |
| Net finance income/(costs) | <u>(51,473)</u> | <u>39,557</u> |

### 4. OPERATING PROFIT/(LOSS) FOR THE YEAR

The operating profit for the year is stated after charging/(crediting):

|   | 2009<br>£      | 2008<br>£      |
|---|----------------|----------------|
| Rent operating leases                                   | 670,578        | 361,707        |
| Depreciation - owned assets                             | 180,410        | 115,187        |
| Depreciation – leased assets                            | 4,121          | 3,674          |
| Amortisation of intangibles                             | 256,472        | 110,115        |
| Loss on sale of tangible assets                         | 319            | 24,413         |
| Auditors' remuneration (Company £20,000; 2008: £20,000) | 40,000         | 33,477         |
| Auditors' remuneration (Non-audit work)                 | 3,000          | 5,000          |
| Auditors' remuneration (Corporate finance work)         | -              | 128,000        |
| Compensation for loss of office                         | -              | 396,746        |
| Foreign exchange differences                            | 128,071        | (19,141)       |
|   | <u>670,578</u> | <u>361,707</u> |

The analysis of administrative expenses in the consolidated income statement by nature of expense:

|                               | 2009<br>£        | 2008<br>£        |
|-------------------------------|------------------|------------------|
| Employment costs              | 3,963,951        | 3,568,023        |
| Depreciation and amortisation | 441,003          | 228,976          |
| Advertising costs             | 316,098          | 527,681          |
| Travelling and entertaining   | 275,676          | 333,531          |
| Establishment costs           | 813,165          | 375,635          |
| Other expenses                | 1,098,059        | 964,136          |
|                               | <u>6,907,952</u> | <u>5,997,982</u> |

## 5. INCOME TAX EXPENSE

The tax charge on the profit for the year was as follows:

|  | 2009<br>£     | 2008<br>£      |
|--|---------------|----------------|
| Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008 - 28%) | 8,625         | (191,542)      |
| Effects of:  |               |                |
| Non deductible expenses  | 2,951         | 5,754          |
| Depreciation add back  | 8,586         | 33,281         |
| Capital allowance  | (6,931)       | (3,842)        |
| Losses carried forward   | 64,065        | 156,349        |
| Other tax adjustments  | (57,445)      | -              |
|  | <u>11,226</u> | <u>191,542</u> |
| Current tax charge   | <u>19,851</u> | <u>-</u>       |

The Group has estimated trading losses of £nil (2008 - £18,000), management expense excess of £276,000 (2008 - £276,000) and non trading losses of £12,000 (2008 - £12,000) available to carry forward against future profits. The deferred tax asset not provided at 28% on the grounds that the recovery could not be foreseen with reasonable certainty was £80,000 (2008 - £126,560).

The Group also has estimated trading losses from foreign subsidiaries of £515,000 (2008 - £434,000). The deferred tax asset not provided at 28% on the grounds that the recovery could not be foreseen with reasonable certainty was £144,000 (2008 - £122,000).

## 6. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of dilutive potential ordinary shares being those share options granted to employees and suppliers where the exercise price is less than the average market price of the Group's ordinary shares during the year and the shares to be issued to satisfy the deferred consideration on the acquisition of a subsidiary.

Details of the adjusted earnings per share are set out below:

|  | <b>2009</b> | <b>2008</b>   |
|--|-------------|---------------|
| <b>Basic EPS</b>                                   |             |               |
| Earnings attributable to ordinary shareholders (£) | 10,953      | (684,079)     |
| Weighted average number of shares                  | 48,166,584  | 37,020,278    |
|  | <hr/>       | <hr/>         |
| <b>Basic EPS (pence)</b>                           | <b>0.02</b> | <b>(1.85)</b> |
|  | <hr/>       | <hr/>         |
|  | <b>2009</b> | <b>2008</b>   |
| <b>Diluted EPS</b>                                 |             |               |
| Earnings attributable to ordinary shareholders (£) | 10,953      | (684,079)     |
| Weighted average number of shares                  | 49,144,304  | 37,020,278    |
|  | <hr/>       | <hr/>         |
| <b>Diluted EPS (pence)</b>                         | <b>0.02</b> | <b>(1.85)</b> |
|  | <hr/> <hr/> | <hr/> <hr/>   |

## 7. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

|   | <b>2009</b>     | <b>2008</b>    |
|---|-----------------|----------------|
|   | £               | £              |
| Operating profit/(loss) for the year                                | 82,277          | (723,636)      |
| Adjustments for:  |                 |                |
| Depreciation of property, plant and equipment                       | 184,531         | 118,861        |
| Loss on sale of tangible assets                                     | 319             | 24,413         |
| Amortisation of intangibles   | 256,472         | 110,115        |
| Loss on unrealised foreign exchange                                 | -               | 53,943         |
|   | <hr/>           | <hr/>          |
| Operating cash inflow/(outflow) before movements in working capital | 523,599         | (416,304)      |
| (Increase)/decrease in inventories                                  | 199,840         | (49,075)       |
| (Increase)/decrease in trade and other receivables                  | 1,013,357       | 589,491        |
| (Decrease)/increase in trade and other payables                     | (1,749,870)     | 114,132        |
|   | <hr/>           | <hr/>          |
| <b>Cash (outflow)/inflow generated from operations</b>              | <b>(13,074)</b> | <b>238,244</b> |
|   | <hr/> <hr/>     | <hr/> <hr/>    |

**8. MAJOR NON-CASH TRANSACTIONS**

On 31 December 2009 the Group agreed a settlement with a former business partner over the disputed fee on the fund raising exercise in May 2008 of £250,000. The amount was previously recognised in share premium account. The amount receivable has been recognised in other receivables and share premium account.

As part of the consideration for the acquisition of YCO SAM on 27 May 2008, the Company paid £4,724,409 in shares.

**9. AVAILABILITY OF THIS ANNOUNCEMENT**

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 423 of the Companies Act 006.

The accounts for the year ended 31 December 2009 will be posted to shareholders in due course. Copies of this announcement are available from the Company's registered office and from its website, at [www.ycogroup.com](http://www.ycogroup.com).

**- ENDS -**