Feedback Plc

Annual Report and Accounts 2009

Contents

Feedback

Feedback Plc is the holding company for a group of high-technology companies which are widely regarded as leaders in their market sectors. Serving education and industry, the Group addresses international markets through the design, manufacture and marketing of electronic, electrical and computer based equipment.

The Group is committed to the application of current and innovative technologies to provide a range of products and services to meet market requirements and customer needs.

Company Information

Company Information

Secretary
N. A. Williams

Registered Office
Park Road, Crowborough,
East Sussex,
TN6 2QR, England.

Registered Number
598696

Auditors
haysmacintyre,
Fairfax House,
15 Fulwood Place,
London,
WC1V 6AY.

Nominated Adviser & Broker
Charles Stanley Securities,
25 Luke Street,
London,
EC2A 4AR.

Solicitors
Lawrence Graham LLP,
4 More London Riverside,
London, SE1 2AU.

Bankers
NatWest,
7 High Street,
Crowborough,
East Sussex, TN6 2PU.

Registrars
Capita Registrars,
The Registry,
34 Beckenham Road,
Beckenham,
Kent, BR3 4TU.

Directors

Michael Gordon Burt
Executive Chairman

Appointed in January 2008. Mr. Burt has spent his career in investment banking, is a director of Forester Maclean Limited, Damik Limited and Lumsal Investment-Developments Limited and has a wide experience of listed and private companies.
Mr. Burt is authorised by the Financial Services Authority.

David John Marks M.B.A.
Managing Director

Operating as a director at subsidiary board level for Feedback Instruments Limited and Feedback Data Limited for a number of years, he has been responsible for the general operational activities of the business. He was promoted to Managing Director of Feedback Instruments Limited in December 2008 and appointed to the Board of Feedback Plc in August 2009.

John Hugh Westcott D.Sc., F.R.Eng., F.R.S.
Non-Executive Director and Life President

A founder Director of the Company and Emeritus Professor of Control Systems and a Senior Research Fellow at Imperial College.
He has guided the Company on specification and design of equipment.
He is a Member of the Group's Remuneration and Audit Committees.

David Barton F.C.A.
Non-Executive Director

Having qualified as a Chartered Accountant with Coopers & Lybrand, he decided to leave the profession to pursue a commercial career.
He has been actively engaged in numerous business sectors, which have included banking, property, media and manufacturing.
He was appointed to the Board of Feedback Plc in July 2007.
He is Chairman of the Group's Remuneration and Audit Committees.

Executive Chairman's Statement

For the year ended 31 May 2009

For the year ending 31 May 2009 Group Trading Profit improved from £485k to £603k, an increase of some 24%, which was achieved despite a reduction in turnover of 15% from £9.6m to £8.2m. The reduction in turnover was mainly contained within Feedback Data where the combination of weak markets and Far East imports significantly affected its business. The Board is taking action to address this situation.

Notwithstanding the Revenue decline, the gross operating margin improved from 5.0% to 7.4%. This was particularly encouraging and reflected the Board's actions in containing costs at all levels within the Group, together with a robust operating performance from Feedback Instruments, where further outsourcing led to a useful improvement in operating margins.

During the year development expenditure in both Feedback Instruments and Feedback Data remained at a high level. In addition significant sums were expended on infrastructure, specifically a new Group IT system at a cost of some £190k, which is currently nearing installation.

Apart from these financial commitments, focus was maintained on working capital management. As a result net cash at the end of the period amounted to £269k and this position still continues. Additionally the Balance Sheet has strengthened with Net Assets as at 31 May 2009 of £3.9m equivalent to 3.6 pence per share. This does not include available group tax losses totalling £2.6m, still available against future profits. Since year end we have taken the opportunity to negotiate new additional committed working capital lines from our bankers on improved terms.

Current trading is in line with the Board's expectations with some small signs of confidence returning, particularly in overseas markets. The UK however remains fragile and difficult particularly on the Data side where recovery is still some way off.

Feedback Instruments Limited

Instruments had a very active year. On a modest decline in revenues operating profits were significantly higher and a number of major contracts were awarded, particularly in Africa and the Middle East.

For many countries in parts of the developing world secondary and university education of its citizens remains a high priority. Feedback Instruments continues to remain a recognised and important supplier of these needs.

We continue to support and invest in our worldwide agent and distribution network with over 80 countries having a Feedback representative.

Sales in the export market continue to prosper. The global recession has affected some traditionally strong markets in the Far East like Malaysia. However, business remains buoyant in the oil-producing countries, particularly in the Middle East.

Saudi Arabia has especially seen Feedback's share of the market increase to a level not seen before. Libya has provided some good orders and, along with Nigeria and other African countries, has shown the significance of the continent. Plans are in place to target emerging economies around the World to increase our export sales.

The UK market, however, is particularly difficult at this time; sales remain on target although slightly reduced with efforts being placed on providing other educational products through our existing channels.

Feedback Incorporated

Feedback Inc. had a more encouraging year with revenues showing some stability and as a result of internal cost reductions an improved operating profit was achieved. The complete agent network was reviewed during the year and some changes made. Almost all states within the US are now covered by our agent network and a successful agent's conference was held in Raleigh Durham, North Carolina in March this year with a majority of our agents attending. A number of new products were shown and we have since seen an improvement in sales and enquiries, which should be helpful in achieving the stronger targets accepted by local management.

Feedback Data Limited

The slowdown in the UK has had a serious effect on the results of Feedback Data during the period. Operating profits were significantly reduced and current trading since the start of the new financial year has shown no signs of recovery.

Demand for Data Capture Terminals, the Company's core business, was significantly weaker than anticipated and served to reinforce the strategy of developing related products for market sectors available outside the traditional core business area. The past lack of investment coupled with the economic downturn has highlighted the weaknesses of the Company's ageing Terminal range. This makes them less competitive in comparison to the multitude of Terminals now being offered to resellers from the Far East.

On the Access Control side of the business lack of previous management focus on new customer sales led to a haemorrhaging of orders with few new sales, however, the Evolution Access Control solution is capable of being a class leader and new users have been enthusiastic as to its capabilities. As a consequence we will be re-launching Evolution as a branded product so that it competes more effectively in the market place. Much of the revenue from this side of the business has been generated from current users expanding their existing systems. To address this issue, new sales staff have been appointed and initial market reception has proved positive.

Notwithstanding the weakness of trading, new investment in the Company by the Board has been committed and has resulted in the implementation of a strategy that will take Data into new business areas. It is hoped that these actions will strengthen its current market position.

The first stages of this strategy have been implemented. An innovative Staff Monitoring System, the Nohmad, was unveiled to our resellers earlier in the year. The product's unique attributes generated an unprecedented amount of interest and has since attracted new resellers operating in areas which had previously been denied to us. In addition the product addressed pricing issues which had also affected sales.

Interest in the product has not been restricted solely to our traditional resellers, but has also generated interest from a diverse cross section of industries including contract cleaning, logistics, mining and the auto industry. The imminent planned release of new variants of the Nohmad, including Biometric and Time Clock versions are being launched in November with a Proximity version in the first quarter of 2010.

The sales team has recently been boosted by new staff who will sell the Evolution Access Control Product exclusively to end users. They will also manage all existing end user accounts and seek new security resellers. The Evolution product has matured over the last 18 months and is considered to be a competitive and comparable product in relation to those being offered by major players in the Access industry. It is believed that this side of the business is now well positioned for market expansion.

Executive Chairman's Statement (continued)

For the year ended 31 May 2009

The development of the next generation of product is well advanced. The products planned will share many common components and communication techniques and build costs will be reduced. The new range is designed to be at the forefront of market expectation in terms of design, price and technology. The entry model in particular is designed to meet pricing and specification issues in the volume market where foreign importers have made significant inroads.

External industrial design consultants have been employed to assist in producing a distinctive 'product family' and provide a modern identity that will endure into the future. The designers will liaise with the Group's communications and branding consultants, to assist in the promotion of the product sets. The first products of the new range will launch at the CeBIT trade show in Hanover in March 2010.

Our German subsidiary, Feedback GmbH, operated profitably during the period, but at lower levels. Pricing and product are still key issues but current developments are expected to address this. Additional effort is being put into broadening both our overseas reseller base and direct sales and we have been encouraged by early interest from the Middle East.

Current Trading and Future Prospects

The past year saw your company able to finally focus on trading issues without having to devote management time to legacy issues. Although we are still awaiting final clearance from the PPF with respect to the Feedback Defined Pension Scheme we are advised that this matter should be finally resolved towards the end of the current financial year.

Feedback Plc commenced the current trading year in a solid position with a strong asset position, cash in the bank and an order book only slightly reduced from that prevailing at the same time last year. June saw a very strong month for orders for Feedback Instruments, particularly from the Middle East, which took its order book to levels not seen for some time.

The current position is also encouraging and a number of significant export contracts are likely to be awarded during the current financial year. The UK market, although weaker than previously anticipated, is showing signs of resilience and, with a refocused and more structured sales effort, we believe we will maintain our market position.

In the current year Instruments should benefit from a number of new product launches. Additionally, new associations and partnerships have been formed with a number of major international educational companies, which will significantly extend our reach both in product and marketing terms and provide new routes to markets. The first portfolio of product for one partner is well advanced and will be offered to their supply chain before the end of the year.

In support of these developments we are very pleased to welcome to the Board David Marks, Managing Director of Feedback Instruments who has been responsible for the improvement of Instruments performance.

Feedback Data is still seeing tough markets for the reasons highlighted above. The launch of new products should be a significant help in arresting this position, although the benefit will not be seen, at the earliest, until the second half.

As with Instruments, Data is looking to enter into partnership arrangements, particularly in overseas markets where new products have been well received and fresh opportunities will be available. In this respect a number of the Instrument's agents have indicated a willingness to become a Data partner which, although early days, is likely to bring new benefits.

We now believe that we are able to focus on future opportunities to grow the business both organically and via acquisition. With an un-geared liquid Balance Sheet opportunities may arise which will be considered. At the same time there is still work to be done with the core divisions. Clearly, having now returned to profit, maintaining this position is mandatory.

Towards year end, we were pleased to receive an extension to the planning consent on our site at Park Road to 2014.

Your Board is well aware that shareholders have been without an ordinary dividend for a number of years and although it was not a consideration in the year under review it will be considered at the end of the current year if, as anticipated, a further profitable outcome is seen.

I would also like to take this opportunity of thanking all the employees of the Group who without their dedication, loyalty and commitment the results seen would not have been possible.

Michael G Burt
Executive Chairman

29 October 2009

Directors' Report

For the year ended 31 May 2009

The Directors present their report and the audited financial statements for the year ended 31 May 2009.

Principal Activities of the Group

The Group is widely accepted as a leader in international markets in its design, manufacture and marketing of electronic, electrical and computer based equipment for education and industry. There has been no change in these activities during the year.

Review of the Business

The Executive Chairman's Statement on pages 2 to 5 includes a general review of the Group's business by subsidiary.

The Directors have a number of financial and non financial indicators in place by which the operation of the Group is monitored. These Key Performance Indicators include gross margin percentage (2009 - 44.0%; 2008 - 37.2%), outstanding order book (2009 - £1,141,000 ; 2008 - £1,615,000).

Future Developments in the Business

The Group continues to look for opportunities to strengthen and protect its market position and product portfolios. Focus will be maintained on market led development of new and improved products, and software combined with improvements in working practices, leading to better customer service and profit. The Group aims to broaden its product base and continues to explore and develop joint ventures with suitable partners in related business areas.

Group Results and Dividends

The Group profit for the year before taxation amounted to £629,000 (2008: £6,784,000). The results for 2008 included £6,294,000 relating to the write back of the deficit on the Feedback Defined Benefit Pension Scheme following its transfer to the Pension Protection Fund.

No dividends are payable for the year under review.

Principal Risks and Uncertainties

The Group's activities expose it to a variety of risks including currency, interest, price, credit, liquidity and cash flow. The Group's overall risk management focuses on the unpredictability of the markets in which it operates and seeks to minimise adverse effects on the Company's financial performance.

a) **Foreign exchange risk**
Since it operates internationally, the Group is exposed to foreign exchange risk arising from currency exposures, principally with respect to the US Dollar and the Euro. Foreign exchange risks arise from future commercial transactions and net investments in overseas subsidiaries.

b) **Credit risk**
The Group has no significant credit risks. It has policies in place to ensure that sales of products and services are supported either by means of irrevocable letters of credit or are to customers with appropriate creditworthiness. A credit insurance policy is also in place to manage risk effectively.

c) **Liquidity risk**
Management of liquidity risk concentrates on the maintenance of appropriate credit lines and funding sources to ensure adequate cash resources for the Group's operations. The Group is not highly geared and therefore has access to additional funding if required.

d) **Interest rate risk**
Interest rate risk is the exposure of the Group's net income to changes in market interest rates. The Group's interest-bearing assets are cash and the Directors do not expect the market interest rate on those assets to decrease to a significant extent. The Group does not have borrowings.

Feedback Instruments Limited

Feedback Instruments designs, manufactures and markets equipment and software for engineering and technology training in electrical and electronic systems, together with test instruments and complementary educational products. The Company's markets are world-wide, selling to universities, colleges, service training establishments and industrial and commercial customers.

In recent years, Feedback Instruments has extended its activity by gaining exclusive representation, for the home market, of international companies' products in the areas of science and industrial automation teaching equipment. In this respect we have formal representation arrangements with PASCO and FESTO.

The Company also produces equipment on a sub-contract basis for Feedback Data.

Feedback Data Limited

Feedback Data's main market is in data collection and time and attendance terminals, together with software for use with these terminals. The Company also supplies access control equipment and software enabling central monitoring of fully integrated access, fire and security systems in larger organisations.

The customers for data collection equipment are predominantly value added resellers rather than end users. However greater emphasis is being placed on designing product for the end user market where our skills in offering complete solutions are well recognised. In addition to offering product that meets general needs we continue to offer a bespoke service to both UK and International customers where the need and the solution are either market or user specific.

Feedback Incorporated

Feedback Incorporated, based in North Carolina, markets products and systems to educational and industrial training organisations throughout the USA and Canada. It also offers both application and technical support for these products and provides curriculum development.

The Company distributes products manufactured by Feedback Instruments and complements these with compatible offerings from other companies both from the UK and elsewhere.

Its sales are mainly through a representative agent network strategically located throughout North America ensuring a virtual national coverage.

Research and Development

The Group will continue its policy of investing in development and marketing of improved, innovative, educational, data capture and access control products, all with an increasing software content.

Directors

The Directors of the Company during the year were:

M.G. Burt
D. J. Marks (appointed 12 August 2009)
D. Barton
Professor J.H. Westcott
P. R. Smith (resigned 2 December 2008)

Directors' Report

continued

Employment Policies

The Group is committed to employee involvement in the business and there are consultative procedures available for management and other employees to discuss matters of mutual interest.

The Group has a policy of non-discrimination in respect of sex, colour, religion, race, nationality or ethnic origin and the recruitment of disabled persons is only subject to any overriding consideration of access and safety.

Creditor Payment Policies

The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. Payment terms for the year ended 31 May 2009 averaged 51 days (2008: 49 days).

Treasury Policy

The Group has adopted formal treasury policies to control its financial instruments. It is a Group Treasury policy not to undertake transactions of a speculative nature. The Group utilises short-term Group overdraft facilities. Group cash flows are therefore managed centrally and surplus cash is invested in short-term financial instruments. Export business is, wherever possible, carried out in sterling.

Compliance with these policies is monitored by the Board. Other than for currency disclosures, the Group has taken advantage of the exemption permitting it not to treat short term debtors and creditors as financial instruments.

Statement of Director's Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law the directors are required to prepare the Group and parent Company financial statements in accordance with IFRS's as adopted by the EU.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company and of the profit and loss of the Group for that period.

In preparing each of the Group and parent Company financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS's as adopted by the EU subject to any material departures disclosed and explained in the parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and parent Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and parent Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations the directors are also responsible for preparing a Directors' Report to comply with that law and those regulations.

In determining how amounts are presented within terms in the income statement and balance sheet the directors have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Audit Information

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware.

Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint haysmacintyre as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board

N. A. Williams
Company Secretary

29 October 2009

Corporate Governance Statement

Under the AIM rules the Group is not obliged to implement the provisions of the Combined Code. However, the Group is committed to applying the principles of good governance contained in the Combined Code as appropriate to a Group of this size. The Board will continue to review compliance with the Code at regular intervals.

In common with other organisations of a similar size, the Executive Directors are heavily involved in the day to day running of the business and meet regularly on an informal basis as well as at Board Meetings. The Board of Directors meets regularly and is responsible for formulating strategy, monitoring financial performance and approving major items of capital expenditure. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are complied with.

The Board comprises two Executive Directors including the Executive Chairman and two Non-Executive Directors. In view of the size and management structure of Feedback Plc, the Company has not complied with certain minor aspects of the Combined Code as discussed below:

Board of Directors

The Board includes two Non-Executive Directors. The Board has scheduled monthly meetings each year and others as required. The Board retains full responsibility for the direction and control of the Group. No strategic powers have been delegated and for these reasons the Board did not have, during the year, a formal schedule of matters specifically reserved to it (paragraph A1 of the Code).

There is currently no formal agreed procedure for Directors in the furtherance of their duties to take independent professional advice as necessary at the Company's expense (paragraph A5 of the Code).

Non-Executive Directors

The appointment of Non-Executive Directors is a matter for the Board as a whole. Although recommended by the Code, there is currently no formal selection process. The Non-Executive Directors have contracts for services for an unspecified period (paragraph A7 of the Code). The Non-Executive Directors are subject to re-election every three years.

Terms and conditions of appointment of the Non-Executive Directors are available for inspection.

Executive Directors

Directors are appointed by the Board of Directors but stand for election by the shareholders at the Annual General Meeting. The Executive Directors are subject to re-election every three years.

Board Committees

A Remuneration Committee is in place comprising two Non-Executive Directors. The Remuneration Committee has two scheduled meetings each year. Both serving members attended the two meetings held in the year.

An Audit Committee is in place comprising the two independent Non-Executive Directors. The Company's approach to internal control is described below. The Audit Committee has two scheduled meetings each year. Both serving members attended the two meetings held in the year.

There is no Nomination Committee. Given the size of the Group, the Board do not consider a Nomination Committee appropriate (paragraph A4 of the Code).

Complete copies of the terms of reference of the Audit & Remuneration Committee are available on request.

Performance Evaluation

There is currently no formal performance evaluation of the board, its committees and its individual Directors (paragraph A6.1 of the Code). In the future this is intended to be formalised and the non-executive Directors will be responsible for performance evaluation of the Executive Chairman.

Communication with Shareholders

The Executive Chairman is available to shareholders at any time to discuss strategy and governance matters.

In addition, all Company announcements are published on the Company's website, together with financial results.

All shareholders have the opportunity to ask questions and express their views at the Company's Annual General Meeting, at which all Directors are available to take questions.

With the exception of the matters referred to above the Company has complied throughout the financial year with provisions of Section 1 of Revised Combined Code, issued in July 2003.

Audit and Internal Control

The primary role of the Audit Committee is to keep under review the Group's financial systems and controls and its financial reporting procedures. In fulfilling this role, the Committee receives and reviews work carried out by the external auditors and their findings.

The Board has overall responsibility for operating and monitoring the system of internal control within the Group and for monitoring its effectiveness. The system includes an ongoing process for identifying, evaluating and managing significant business risks. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the Directors with reasonable assurance that any material problems are identified on a timely basis and dealt with appropriately.

Guidance on the Turnbull Report was issued in September 1999 and gave guidance to directors on the requirements of the Combined Code for reviewing the effectiveness of the Group's system of internal control, encompassing operational, compliance and risk management matters in addition to the traditional financial issues. The Audit Committee reviews the effectiveness of the internal controls on an annual basis on behalf of the Board and considers that, given the small size of the Company and the close involvement of the Executive Directors in the day to day operations, it has complied with the requirements in the Combined Code and the Turnbull Report in the year under review and up to the date of approval of the Annual Report and Accounts.

The key elements of the system, which has been designed to meet the specific needs and business risks of the Group, include:

- clearly defined organisation structures with segregation of duties wherever practicable
- agreement of Group short term financial objectives and business plans
- monthly review by the Board of Group Financial Statements and monitoring of results against budgets
- Board control over treasury, taxation, legal, insurance and personnel issues
- Board control over appraisal, review and authorisation of capital expenditure

In common with organisations of similar size the Executive Directors are heavily involved in the day to day running of the business. The Directors believe that although the Company's controls may be slightly less formal than those of larger companies, the close involvement of the Executive Directors more than compensates for this.

The Board believes that it is not currently appropriate for the Company to maintain an internal audit function because of the close involvement of the Executive Directors in the running of the business.

The Audit Committee consider the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. The split between audit and non-audit fees for the year and information on the nature of the non-audit fees appear in note 4 to the financial statements. The non-audit fees are considered by the Committee not to affect the independence or objectivity of the auditors.
The Audit Committee monitors such costs in the context of the audit fee for the year, ensuring that the value of non-audit services does not increase to a level where it could affect the auditors' objectivity and independence. The Audit Committee also received an annual confirmation of independence from the auditors.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Independent Auditors Report to the Members of Feedback Plc

We have audited the financial statements of Feedback Plc for the year ended 31 May 2009 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Recognised Income and Expense, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

David Cox (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor
29 October 2009

Fairfax House
15 Fulwood Street
London, WC1V 6AY

Consolidated Income Statement

for the year ended 31 May 2009

	Notes	2009 £000	2008 £000
REVENUE	2	8,163	9,607
Cost of Sales		(4,568)	(6,030)
GROSS PROFIT		3,595	3,577
Other Operating Expenses	3	(2,992)	(3,092)
TRADING PROFIT		603	485
Write back of pension deficit		–	6,294
OPERATING PROFIT	4	603	6,779
Profit on sale of fixed asset		27	87
Reorganisation cost		–	(479)
Gain on cancellation of loan		–	402
		630	6,789
Net interest	5	(1)	(5)
Profit on ordinary activities before taxation		629	6,784
Tax credit	7	18	398
Profit for the year attributable to the equity shareholders of the Company		647	7,182
PROFIT PER SHARE (pence)			
Basic and diluted	9	0.59	9.25
TRADING PROFIT PER SHARE (pence)			
Basic and diluted	9	0.55	0.62

Turnover and operating profit are derived from continuing activities.

The notes on pages 19 to 31 form part of these financial statements

Consolidated Statement of Recognised Income and Expense

for the year ended 31 May 2009

	2009 £000	2008 £000
Retained profit for the year	**647**	7,182
Other recognised losses	**(68)**	(138)
Total recognised income for the year attributable to the Company's equity shareholders	**579**	7,044

Company Statement of Recognised Income and Expense

for the year ended 31 May 2009

	2009 £000	2008 £000
Retained (loss)/profit for the year	**(65)**	713
Total recognised (deficit)/income for the year attributable to the Company's equity shareholders	**(65)**	713

The notes on pages 19 to 31 form part of these financial statements

Consolidated Balance Sheet

at 31 May 2009

	Notes	2009 £000	2009 £000	2008 £000	2008 £000
ASSETS					
Non-current assets					
Property, plant and equipment	11		**1,577**		1,459
Intangible assets	12		**590**		668
Deferred tax asset	7		**313**		316
			2,480		2,443
Current assets					
Inventories	13	**1,334**		1,259	
Trade receivables		**1,699**		1,408	
Other receivables	14	**223**		248	
Cash and cash equivalents		**269**		567	
			3,525		3,482
Total assets			**6,005**		5,925
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	7		**165**		187
Current liabilities					
Trade payables		**745**		605	
Other payables	15	**1,135**		1,748	
Borrowings	16	**–**		4	
			1,880		2,357
Total liabilities			**2,045**		2,544
TOTAL NET ASSETS			**3,960**		3,381
EQUITY					
Capital and reserves attributable to the Company's equity shareholders					
Called up share capital	18		**273**		273
Share premium account	20		**633**		633
Capital reserve	20		**300**		300
Retained earnings	20		**2,754**		2,175
TOTAL EQUITY			**3,960**		3,381

The financial statements were approved and authorised for issue by the Board of Directors on 29 October 2009 and were signed below on its behalf by:

Michael G Burt,
Executive Chairman.

The notes on pages 19 to 31 form part of these financial statements

Feedback
Feedback Plc

Company Balance Sheet

at 31 May 2009

	Notes	2009 £000	2009 £000	2008 £000	2008 £000
ASSETS					
Non-current assets					
Property, plant and equipment	11		**154**		14
Investments	10		**202**		202
Deferred tax asset			**17**		89
			373		305
Current assets					
Inventories	13	–		1,223	
Other receivables	14	**3,221**		3,024	
Cash and cash equivalents		**277**		82	
			3,498		4,329
Total assets			**3,871**		4,634
LIABILITIES					
Current liabilities					
Trade payables			**39**		591
Other payables	15		**157**		299
Borrowings	16		**–**		4
Total current liabilities			**196**		894
TOTAL NET ASSETS			**3,675**		3,740
EQUITY					
Capital and reserves attributable to the Company's equity shareholders					
Called up share capital	18		**273**		273
Share premium account	20		**633**		633
Retained earnings	20		**2,769**		2,834
TOTAL EQUITY			**3,675**		3,740

The financial statements were approved and authorised for issue by the Board of Directors on 29 October 2009 and were signed below on its behalf by:

Michael G Burt,
Executive Chairman.

The notes on pages 19 to 31 form part of these financial statements

Consolidated Cash Flow Statement

for the year ended 31 May 2009

	2009		2008	
	£000	£000	£000	£000
Cash flows from operating activities				
Profit before tax		**629**		6,784
Adjustments for:				
Finance charges	–		5	
Depreciation and amortisation	**511**		568	
Impairment of intangible fixed assets	–		132	
Profit on disposal of tangible fixed assets	**(27)**		(87)	
Foreign exchange difference	**(68)**		(140)	
Increase in inventories	**(75)**		(80)	
(Increase)/decrease in trade receivables	**(291)**		91	
Decrease/(increase) in other receivables	**25**		(21)	
Increase in trade payables	**140**		82	
(Decrease)/increase in other payables	**(613)**		141	
Pension contributions paid	–		(35)	
Share option charge	–		10	
Pension written back	–		(6,294)	
Loan written back	–		(403)	
		(398)		(6,031)
Net cash generated in operating activities		**231**		753
Cash flows from investing activities				
Interest received	–		10	
Purchase of tangible fixed assets	**(185)**		(1,453)	
Proceeds from sale of tangible fixed assets	**40**		992	
Purchase of intangible assets	**(379)**		(416)	
Net cash used in investing activities		**(524)**		(867)
Cash flows from financing activities				
Issue of ordinary shares	–		1,820	
Interest paid	**(1)**		(15)	
Capital element of finance leases and rental payments	**(4)**		(12)	
Payments made to Pension Protection Fund	–		(1,200)	
Net cash (used)/generated from in financing activities		**(5)**		593
Net (decrease)/increase in cash and cash equivalents		**(298)**		479
Cash and cash equivalents at beginning of year		**567**		88
Cash and cash equivalents at end of year		**269**		567

The notes on pages 19 to 31 form part of these financial statements

Company Cash Flow Statement

for the year ended 31 May 2009

	2009		2008	
	£000	£000	£000	£000
Cash flows from operating activities				
Profit before tax		**7**		625
Adjustments for:				
Finance charges	**–**		1	
Depreciation and amortisation	**11**		11	
Investment impairment	**–**		192	
Profit on disposal of tangible fixed assets	**(9)**		(87)	
Foreign exchange difference	**–**		(2)	
Decrease/(increase) in inventories	**1,223**		(1,223)	
Increase in other receivables	**(197)**		(98)	
(Decrease)/increase in trade payables	**(552)**		591	
Decrease in other payables	**(142)**		(196)	
Decrease in amounts owed by subsidiary undertakings	**–**		(344)	
Pension contributions paid	**–**		(35)	
Share option charge	**–**		11	
Pension written back	**–**		(208)	
Loan written back	**–**		(403)	
		334		(1,790)
Net cash (used)/generated in operating activities		**341**		(1,165)
Cash flows from investing activities				
Interest received	**–**		9	
Purchase of tangible fixed assets	**(155)**		(1)	
Proceeds from sale of tangible fixed assets	**13**		992	
Net cash (used)/generated in investing activities		**(142)**		1,000
Cash flows from financing activities				
Issue of ordinary shares	**–**		1,819	
Interest paid	**(1)**		(10)	
Capital element of finance leases and rental payments	**(3)**		(12)	
Payments made to Pension Protection Fund	**–**		(1,200)	
Net cash (used)/generated in financing activities		**(4)**		597
Net increase in cash and cash equivalents		**195**		432
Cash and cash equivalents at beginning of year		**82**		(350)
Cash and cash equivalents at end of year		**277**		82

The notes on pages 19 to 31 form part of these financial statements

1. ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (October 2009). The policies set out below have been consistently applied to all the years presented.

These consolidated financial statements have been prepared under the historical cost convention.

No separate income statement is presented for the parent Company as provided by Section 408, Companies Act 2006.

(b) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be reliably measured.

The significant intangible assets relate to software development of products that are integral to the trade of the Group; including educational, data capture and access control products. Amortisation is recognised in other operating expenses in the income and expenditure account.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. Impairment losses are recognised in other operating expenses in the income and expenditure account.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over a period of 36 months.

(c) Valuation of Investments

Investments held as non-current assets are stated at cost less any provision for impairment.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(e) Goodwill

Business combinations on or after 1 April 2006 are accounted for under IFRS 3 using the purchase method. Any excess of the cost of business combinations over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised.

After initial recognition, goodwill is not amortised but is stated at cost less any accumulated impairment loss, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstance indicate that the carrying value may be impaired.

For the purposes of impairment testing, goodwill is allocated to the related cash generating units monitored by management. Where the recoverable amount of the cash generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

Notes to the Financial Statements

for the year ended 31 May 2009

1. ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

Land is not depreciated. Depreciation on other assets is provided on cost or valuation less estimated residual value in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Buildings	2.5% p.a.
Plant and equipment	10 – 50% p.a.
Motor vehicles	25 – 33% p.a.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(g) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Rental costs under operating leases are charged to the income statement in equal annual amounts over the period of the lease.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

(i) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the income statement. Assets and liabilities of the overseas subsidiaries are translated into sterling at the closing rate of exchange and trading results at the average rate of exchange for the period. These translation differences are dealt with as a movement in reserves.

(j) Revenue recognition

Revenue, which is stated net of Value Added Tax, represents the total amount receivable in the ordinary course of business after eliminating intra-Group transactions.

(k) Pension Costs

The Company operated a defined contribution pension scheme which closed to all members on 31 May 2009 with no further benefit accruing. The pension charge represents the amounts payable by the Company to the fund in respect of the year.

The Company also operated a defined benefits pension scheme. However, during 2007 the scheme was transferred to the Pension Protection Fund for assessment. The Company no longer makes contributions to the scheme and on the basis that it has no ongoing obligations in relation to the scheme, it does not recognise the deficit/surplus on its balance sheet.

1. ACCOUNTING POLICIES (continued)

l) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the period. 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 taxable or deductible. The Group's liability for current tax is calculated by 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 amount 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 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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which 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. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(m) Financial instruments

In relation to the disclosures made in note 17:

- short term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures.
- the Group does not hold or issue derivative financial instruments for trading purposes.

(n) Employee share options

The Group has applied the requirements of IFRS 2 Share-based Payment. 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 April 2006.

The Group issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of 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 by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

Notes to the Financial Statements

for the year ended 31 May 2009

2. SEGMENTAL REPORTING

The turnover, result before taxation and net assets of the Group are attributable to one business segment, the design, manufacture and sale of electronic and computer peripheral equipment for industry and education.

Analysis by geographical market

	Turnover		Pre tax profit		Assets	Liabilities	Assets	Liabilities
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2009 £000	2008 £000	2008 £000
By origin								
United Kingdom	**7,197**	8,557	**307**	396	**5,556**	**(1,334)**	5,436	(2,483)
Continental Europe	**314**	362	**271**	150	**270**	**(644)**	324	(13)
United States	**652**	688	**51**	21	**179**	**(67)**	165	(48)
Exceptional items	**–**	–	**–**	6,217	**–**	**–**	–	–
	8,163	9,607	**629**	6,784	**6,005**	**(2,045)**	5,925	(2,544)

	2009 £000	2008 £000
Turnover by destination		
United Kingdom	**3,119**	3,899
Rest of Europe	**700**	1,545
Americas	**929**	1,115
Africa	**929**	172
Middle East	**1,257**	1,410
Far East	**1,229**	1,466
	8,163	9,607

All capital expenditure incurred by the Group was in the United Kingdom

3. OTHER OPERATING EXPENSES

	2009 £000	2008 £000
Distribution costs	**1,544**	1,718
Administrative costs:		
Research and development	**578**	712
Other	**870**	662
	2,992	3,092
Pension deficit write back	–	(6,294)
	2,992	(3,202)

4. OPERATING PROFIT

	2009 £000	2008 £000
This is stated after charging/(crediting)		
Depreciation and amortisation		
Owned assets	**510**	557
Assets held under finance leases and hire purchase contracts	**–**	10
Impairment loss on intangible fixed assets	**–**	132
Foreign exchange differences	**68**	(288)
Auditors' remuneration – audit fees pursuant to legislation	**15**	15
– other services pursuant to legislation	**20**	20
– other services	**5**	10
Operating lease rentals		
Plant and machinery	**58**	111
Land and buildings	**24**	94

5. NET FINANCE COST

	2009 £000	2008 £000
Bank loans and overdrafts	**–**	14
Finance leases	**1**	1
	1	15
Interest receivable	**–**	(10)
	1	5

The bank overdraft borrowings included are in sterling and based upon varying margins above Barclays Bank base rate depending upon the overdraft level utilised.

6. DIRECTORS AND EMPLOYEES

	2009 Average	2009 Year end	2008 Average	2008 Year end
Number of employees				
Production	**39**	**37**	43	42
Selling and distribution	**23**	**21**	20	18
Administration	**11**	**12**	9	6
Research and development	**9**	**9**	9	9
	82	**79**	81	75

	2009 £000	2008 £000
Staff costs:		
Wages and salaries	**2,235**	2,527
Social security costs	**234**	278
Payments to defined contribution pension scheme	**86**	107
	2,555	2,912
Staff costs include the following in respect of the Directors		
Management remuneration, including benefits in kind	**267**	193
Fees as Directors	**3**	9
Pension costs – defined contribution	**9**	18
	279	220
Emoluments in respect of highest paid Director amounted to:		
Management remuneration, including benefits in kind	**74**	88
Fees as Directors	**–**	3
Pension costs – defined contribution	**–**	9
	74	100

There were no Directors in the Company's defined benefit scheme (2008 : two) during the year.
There were no Directors in the Company's defined contribution scheme (2008 : two) during the year.
The accrued pension of the highest paid Director at the year end was £Nil (2008 : £Nil).

Notes to the Financial Statements

for the year ended 31 May 2009

7. TAXATION LOSS ON ORDINARY ACTIVITIES

	2009 £000	2008 £000
(a) The tax credit for the period:		
UK Corporation tax	–	–
Current tax	–	–
Deferred tax credit	**18**	398
	18	398
(b) Tax reconciliation		
Profit on ordinary activities before tax	**629**	6,784
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 : 28%)	**176**	1,900
Effects of:		
Expenses non deductible for tax purposes	**40**	24
Capital allowances in excess of depreciation	**(26)**	(2)
Utilisation of tax losses	**(67)**	–
Chargeable gain	–	25
Release of pension deficit	–	(2,233)
Other timing differences	**(123)**	217
Losses carried forward	–	69
Current tax	–	–

(c) Factors which may affect future tax charges

In view of the tax losses carried forward there is a deferred tax amount of approximately £743,000 which has not been recognised in these Financial Statements. This contingent asset will be realised when the Group makes sufficient taxable profits in the relevant Company.

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

Deferred tax asset	2009 £000	2008 £000
Decelerated capital allowances	–	–
Losses carried forward	**313**	316
	313	316

The deferred tax asset is recognised as the Group's projections show that the relevant companies will generate sufficient taxable profit over the next few years to utilise the tax losses available.

Deferred tax liability	£000	£000
Deferred tax on development expenditure	**165**	187

8. RESULTS OF FEEDBACK PLC

As permitted by Section 408 of the Companies Act 2006, the income and expenditure account of the parent Company is not presented as part of these financial statements. The consolidated profit for the financial period includes a loss before dividends of £65,000 (2008 : £713,000 loss) which is dealt with in the financial statements of the parent Company.

9. PROFIT PER SHARE

Basic earnings per share is calculated by reference to the profit on ordinary activities after taxation of £647,000 (2008: £7,182,000) and on the weighted average of 109,146,746 (2008: 77,628,244) shares in issue.

The calculation of diluted earnings per share is based on the profit on ordinary activities after taxation and the diluted weighted average of 109,163,193 (2008: 77,628,244).

Adjusted EPS figures based on trading profit have been included for information purposes. The adjusted earnings per share has been calculated by reference to the trading profit of £603,000 (2008: £485,000) and on the weighted average 109,146,746 (2008: 77,628,244) shares in issue.

10. INVESTMENTS

COMPANY - Shares in Group undertakings	**Total £000**
Cost	
At 1 June 2008	1,989
Additions	–
At 31 May 2009	**1,989**
Provisions	
At 1 June 2008	1,787
Impairment	–
At 31 May 2009	**1,787**
Net Book Value	
At 31 May 2009	**202**
At 31 May 2008	202

All of the above investments are unlisted.

Subsidiary companies

Particulars of principal subsidiary companies, all the shares of which are beneficially held by Feedback plc, are as follows:

Company	*Activity*	*Country of operation and incorporation*	*Proportion of Shares held*
Feedback Instruments Limited	Design and manufacture of electronic equipment for industry and education	England	100% Ordinary £1
Feedback Data Limited	Design and manufacture of computer peripheral equipment for industry	England	100% Ordinary £1
Feedback Incorporated	Distribution of products for Feedback Instruments Limited and other companies	Unites States of America	100% Common Stock
Feedback Data GmbH	Distribution of products for Feedback Data Limited	Germany	100% Specific capital
Brickshield Limited	Holding company of property located at Park Road, Crowborough	England	100% Ordinary £1

Feedback Data GmbH is a subsidiary of Feedback Data Limited.

100% of £1 Ordinary Shares of Brickshield Limited were obtained on 23 April 2008.

All the subsidiary companies have been included in these consolidated financial statements.

Notes to the Financial Statements

for the year ended 31 May 2009

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings £000	Plant and Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation:				
At 31 May 2007	–	1,145	46	1,191
Additions	1,441	12	–	1,453
Disposals	–	(79)	–	(79)
Exchange adjustments	–	(7)	–	(7)
At 31 May 2008	1,441	1,071	46	2,558
Additions	–	185	–	185
Disposals	–	(560)	(32)	(592)
At 31 May 2009	**1,441**	**696**	**14**	**2,151**
Depreciation				
At 31 May 2007	–	1,121	10	1,131
Charge for the year	24	19	11	54
Disposals	–	(79)	–	(79)
Exchange adjustments	–	(7)	–	(7)
At 31 May 2008	24	1,054	21	1,099
Charge for the year	23	26	4	53
Disposals	–	(565)	(13)	(578)
At 31 May 2009	**47**	**515**	**12**	**574**
Net book value				
At 31 May 2009	**1,394**	**181**	**2**	**1,577**
At 31 May 2008	1,417	17	25	1,459

COMPANY	Plant and Equipment £000	Motor Vehicles £000	Total £000
Cost or Valuation			
At 31 May 2007	13	32	45
Additions	1	–	1
Disposals	(1)	–	(1)
At 31 May 2008	13	32	45
Additions	155	–	155
Disposals	(13)	(32)	(45)
At 31 May 2009	**155**	**–**	**155**
Depreciation			
At 31 May 2007	13	7	20
Charge for the year	1	11	12
Disposals	(1)	–	(1)
At 31 May 2008	13	18	31
Charge for the year	2	9	11
Disposals	(14)	(27)	(41)
At 31 May 2009	**1**	**–**	**1**
Net book value			
At 31 May 2009	**154**	**–**	**154**
At 31 May 2008	–	14	14

Included in the total net book value of assets held at 31 May 2009 was £Nil (2008 : £14,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year on these assets is £Nil (2008 : £10,000).

12. INTANGIBLE ASSETS

	Development Expenditure £000
GROUP	
Cost	
At 31 May 2007	2,444
Additions	416
At 31 May 2008	2,860
Additions	379
At 31 May 2009	**3,239**
Amortisation	
At 31 May 2007	1,545
Charge for the period	515
Impairment	132
At 31 May 2008	2,192
Charge for the year	457
At 31 May 2009	**2,649**
Net book value	
At 31 May 2009	**590**
At 31 May 2008	668

13. INVENTORIES

	Group		Company	
	2009 £000	**2008 £000**	**2009 £000**	**2008 £000**
Raw materials and consumables	**743**	721	**–**	721
Work in progress	**247**	369	**–**	369
Finished goods	**344**	169	**–**	133
	1,334	1,259	**–**	1,223

14. OTHER RECEIVABLES

	Group		Company	
	2009 £000	**2008 £000**	**2009 £000**	**2008 £000**
Amounts falling due within one year				
Amounts owing by subsidiary undertakings	**–**	–	**3,207**	2,878
Other receivables	**101**	226	**8**	127
Prepayments	**122**	22	**6**	19
	223	248	**3,221**	3,024

Notes to the Financial Statements

for the year ended 31 May 2009

15. OTHER PAYABLES

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year				
Amounts owed to subsidiary	**–**	–	**–**	7
Other payables	**614**	791	**43**	100
Other taxes and social security	**95**	178	**–**	3
Accruals and deferred income	**426**	779	**114**	189
	1,135	1,748	**157**	299

16. BORROWINGS

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year				
Obligations under finance leases and hire purchase contracts	**–**	4	**–**	4
	–	4	**–**	4

17. FINANCIAL INSTRUMENTS

a) Interest rate and currency borrowings

The Company has no substantial interest rate exposure.

b) Interest rate and currency of cash balances

Floating rate financial assets of £269,000 (2008: £563,000) comprise substantially sterling and US$ cash deposits at call. There are no fixed rate financial assets.

c) Currency exposure

All overseas subsidiaries of the Group operate in the local currency of operation.

The monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating unit concerned are shown below.

	Net foreign currency monetary assets		
	US Dollar £000	Euro £000	Total £000
Functional currency of Group operations			
As at 31 May 2009 Sterling	**32**	**9**	**41**
As at 31 May 2008 Sterling	7	55	62

d) Fair values of financial instruments

The directors believe that for short term financial instruments historical cost approximates to fair value due to the short term period between origination and realisation.

18. SHARE CAPITAL

	2009 £000	2008 £000
Authorised share capital of Feedback Plc:		
513,138,201 New Ordinary Shares of 0.25p each	**1,283**	1,283
	1,283	1,283
Allotted, called up and fully paid share capital:		
109,146,746 New Ordinary Shares of 0.25p each (2008:109,146,746)	**273**	273
	273	273

Share Options

Share options are granted to directors and employees. Options are conditional on the employee completing a specific length of service (the vesting period). The options are exercisable from the end of the vesting period and lapse after ten years after the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The options are valued using the Black-Scholes option pricing model and no performance conditions were included in the fair value calculations. The risk free rate was 5%. The expected volatility is based on historical volatility over the last two years and is estimated to be 55%. The average share price during the year was 2.26 pence.

During the year the Company had the following share options in issue:

At 1 June 2008	Number of options Granted	Cancelled	At 31 May 2009	Exercise price (pence)	Exercise date
–	500,000	–	500,000	2.13	11/12/11 to 10/12/18
–	500,000	–	500,000		

These share options vest three years after the grant date. Each option can only be exercised from three years after the grant date to ten years after the date of grant.

250,000 of the options are only exercisable upon meeting of the performance condition that the shares reach a mid-market price of 10 pence or more for a minimum period of 90 days.

19. FINANCIAL COMMITMENTS

The Company has given cross guarantees in respect of bank borrowings of its UK subsidiary undertakings at the year end of £211,000 (2008 : £116,000).

Notes to the Financial Statements

for the year ended 31 May 2009

20. RESERVES

	Share Premium £000	Capital Reserve £000	Retained Earnings £000	Total £000
Group				
At 1 June 2008	633	300	2,175	3,108
Retained profit for the year	–	–	647	647
Other recognised losses	–	–	(68)	(68)
At 31 May 2009	**633**	**300**	**2,754**	**3,687**
Company				
At 1 June 2008	633	–	2,834	3,467
Retained profit for the year	–	–	(65)	(65)
At 31 May 2009	**633**	**–**	**2,769**	**3,402**

The cumulative amount of goodwill written off directly in prior years to reserves at 31 May 2009 was £670,000 (2008: £670,000).

21. STATEMENT OF CHANGES IN EQUITY

	2009 £000	2008 £000
Profit attributable to shareholders	**647**	7,182
Other recognised losses relating to the period	**(68)**	(138)
Issue of shares – Pension Protection Fund	**–**	445
Issue of shares – Mr Charlton, loan write off	**–**	101
Issue of shares – Placement 3 July 2008 (net of costs)	**–**	1,120
Issue of shares – Placement 22 May 2009	**–**	700
Change in share-based payment reserve	**–**	10
Movement in period	**579**	9,420
Opening shareholders' funds	**3,381**	(6,039)
Closing shareholders' funds	**3,960**	3,381

22. CONTINGENT LIABILITIES

There are contingent liabilities in the event of any claim for breach or non-performance of the terms of overseas contracts against which bank guarantees have been issued totalling to £82,000 (2008: £124,000).

23. PENSIONS

The Company operated a defined contribution scheme during the year and the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Company and amounted to £84,000 (2008 - £100,000). The scheme closed to all members on 31 May 2009 with no further benefit accruing. There were no outstanding or prepaid contributions at the year end.

The Company's defined benefit pension scheme was transferred to the Pension Protection Fund (PPF) in 2007 as described in last year's accounts. The PPF continue to assess the scheme and are seeking to verify the data on all members. Once this verification process has been completed, which is expected to be next year, the PPF will value the scheme to determine whether to accept it into the fund or to sell it to a third party. The Company therefore has no obligation or liability in respect of the scheme.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fifty first annual general meeting of Feedback Plc (the 'Company') will be held at Lawrence Graham LLP, 4 More London Riverside, London, SE1 2AU on 27 November 2009 at 11.00 am at which the following resolutions will be proposed, in the case of resolutions 1 and 5 as ordinary resolutions and in the case of resolutions 6 and 7 as special resolutions:

As Ordinary Business:

1. To receive and adopt the report of the directors and the statement of accounts of the Company for the period ended 31 May 2009 with the auditors' report thereon.
2. To re-appoint David Marks as a director of the Company having been appointed since the last Annual General Meeting.
3. To re-elect Mr David Barton who is retiring by rotation and offers himself for re-election.
4. To re-appoint haysmacintyre as auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

As Special Business:

5. THAT, in accordance with section 551 of the Companies Act 2006 (the "Act"), the directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any securities into shares ("Rights"), provided that this authority shall be limited to the allotment of up to an aggregate nominal amount of £90,955 provided that this authority shall expire at the earlier of the next annual general meeting of the Company or 30 November 2010 and that the Company may before such expiry make an offer or agreement which would or might require shares or Rights to be granted in pursuance of any such offer or agreement notwithstanding that the authority conferred hereby has expired.
6. THAT, subject to the passing of the above resolution but in substitution for all previous authorities, and in accordance with section 570 of the Act, the directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
   (a) in connection with an offer of such equity securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
   (b) up to an aggregate nominal amount of £54,573 provided that this authority shall expire at the earlier of the next annual general meeting of the Company or 30 November 2010 and that the Company may before such expiry make an offer or agreement which would or might require equity securities to be granted in pursuance of any such offer or agreement notwithstanding that the authority conferred hereby has expired.
7. THAT, the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined by section 693(4) of the Act on the London Stock Exchange of ordinary shares of 0.25p each in the capital of the Company ("Ordinary Shares") provided that:
   (a) the maximum aggregate number of shares authorised to be purchased is 16,361,097 Ordinary Shares;
   (b) the minimum price which shall be paid for the Ordinary Shares is 0.25p for each share, and the maximum price (exclusive of expenses) which may be paid for such shares is 5% above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
   (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the earlier of the next annual general meeting of the Company or 30 November 2010; and
   (d) the Company may, before such expiry, make a contract to purchase its own shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such a contract.

By Order of the Board 29 October 2009
N. A. Williams, Company Secretary
Registered Office: Park Road, Crowborough, East Sussex, TN6 2QR, England.

Explanatory Notes to Resolutions 5 and 6:

The Companies Act 2006 prohibits the Directors from allotting new shares without shareholder approval. Resolution number 5 will be proposed as an ordinary resolution to renew the authority of the directors to allot shares or to grant rights to subscribe for or convert any securities into shares up to an aggregate nominal amount of £90,955 representing approximately one-third of the Company's total issued ordinary share capital as at the date of this notice such authorities to expire at the conclusion of next year's annual general meeting or 6 months after the Company's accounting reference date, whichever is the earlier, other than fulfilling the Company's obligations under its various share option schemes, the Directors have no present intention to exercise this authority.

Associated with Resolution 5 is Resolution 6 which is a renewal of the authority granted at last year's AGM for the Directors to issue ordinary shares for cash otherwise than to existing shareholders in proportion to their existing holdings, notwithstanding the pre-emption provisions of the Companies Act 2006. Resolution 6 will be proposed as a special resolution and asks shareholders to waive such pre-emption rights in respect of the allotment of equity securities having a maximum aggregate nominal value of £54,573 representing approximately 20% of the Company's total issued ordinary share capital as at the date of this Notice such authority to expire at the conclusion of next year's annual general meeting or 6 months after the Company's accounting reference date, whichever is the earlier, other than fulfilling the Company's obligations under its share option schemes, the Directors have no present intention to exercise this authority.

Explanatory Notes to Resolution 7:

Resolution 7, which is proposed as a Special Resolution, is to authorise the Company to purchase up to 16,361,097 ordinary shares in the market, representing approximately 14.99% of the current issued ordinary share capital of the Company, at a price not less than the nominal value of the ordinary shares and not more than 5% above the average of the middle market quotations of the Company's ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The Company may either cancel any shares that it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). This authority will expire on the earlier of 30 November 2010 or the date of the next annual general meeting of the Company and it is presently intended that a resolution for the renewal of such authority will be proposed at each succeeding annual general meeting. The Directors have no present intention of making such purchases, but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change.

Notes:

1. A member entitled to attend and vote at the above meeting convened by this notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute + network extras. Lines are open 8:30am to 5:30pm).
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy, together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority must be completed signed and to be valid the proxy must be duly executed and deposited with the Company at the offices of the Company's registrars, Capita Registrars (Proxies Department), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or returned by fax on 0208 639 2180 not later than 11.00 a.m. on 25 November 2009.
4. Completion and return of a form of proxy will not prevent a member from attending and voting in person if he or she so wishes.

Notice of Annual General Meeting
continued

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members not less than 48 hours before the time of the meeting or, in the event that the meeting is adjourned, on the Register of Members of the Company not less than 48 hours before the time of any adjourned meeting, and only such members shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name by 6.00pm. Changes to entries on the Register of Members after 11.00 a.m. on 25 November 2009 or, in the event that the meeting is adjourned, not less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.

6. In the case of joint holders, 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 any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

7. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duty authorized attorney or duly authorized officer of the corporation.

8. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10. In order to revoke a proxy instruction you will need to inform the Company using one of the following method: By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars (Proxies Department), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    In either case, the revocation notice must be received by Capita Registrars no later than 11.00 a.m. on 25 November 2009.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

11. As at 5.00 p.m. on the date immediately prior to this notice the Company's issued share capital comprised 109,146,746 ordinary shares of 0.25 pence each ("Ordinary Shares") each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 5.00 p.m. on the date immediately prior to this notice is 109,146,746.

Feedback
Feedback Plc

Form of Proxy

I / We (names in full) ______________________________

PLEASE USE BLOCK CAPITALS

of ______________________________

being a member of the Company appoint the Chairman of the meeting or (see note 2)

____

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held at the offices of the Company's solicitors at Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU on 27 November 2009 at 11.00 a.m. and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolution as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.

Ordinary Business	**For**	**Against**	**Withheld**
1. Ordinary Resolution to receive the report of the directors and the financial statements for the year ended 31 May 2009			
2. Ordinary Resolution to re-appoint David Marks as a director			
3. Ordinary Resolution to re-elect David Barton as a director			
4. Ordinary Resolution to re-appoint haysmacintyre as auditors to the Company			
Special Business	**For**	**Against**	**Withheld**
5. Ordinary Resolution to authorise the directors to allot securities for the purposes of section 551 of the Companies Act 2006			
6. Special Resolution to authorise the directors to disapply statutory pre-emption rights in respect of equity securities pursuant to section 561 of the Companies Act 2006			
7. Special Resolution to give the directors authority to make market purchases of ordinary shares pursuant to section 701 of the Companies Act 2006			

Signed ______________________________ Date ______________________________

NOTES

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars.
4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
5. To appoint a proxy using this form, the form must be, completed and signed, sent or delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and received by Capita Registrars not less than 48 hours before the time fixed for the meeting (or adjournment thereof).
6. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB 122

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Capita Registrars (Proxies),
PO Box 25,
BECKENHAM,
KENT,
BR3 4TU.

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THIRD FOLD; TUCK IN

Feedback Plc

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