KPMG LLP
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Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Constantine Holdings Limited

We have audited the group and parent company financial statements (the ' financial statements'') of Constantine Holdings Limited for the year ended 31 August 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Note of Consolidated Historical Cost Profits and Losses, the Reconciliations of Movements in Shareholders' Funds and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

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

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

Independent auditors' report to the members of Constantine Holdings Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 August 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP.

KPMG LLP
Chartered Accountants
Registered Auditor

24 January 2008

Constantine Holdings Limited

Directors' report and financial statements

Registered number 649369

31 August 2007

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2007

Business review and principal activities

The principal activities of the group during the year were the manufacture of caravans and motorhomes, property investment and trading, and specialist transportation services

During the year the company acquired a further 12 5% of Peters and May Limited following which the company owned 100% of the issued share capital The group also acquired 60% of Air & Ocean Shipping Inc and 75% of Peters & May Spain S L during the current year

The results for the group show a pre-tax profit of £5 1m *(2006 £5 7m)* for the year and turnover of £108 3m *(2006 £96 0m)*, the acquired operations contributed £13k and £1 9m to pre-tax profit and turnover respectively

The group generated operating cash inflows of £7 8m *(2006 £5 2m)* It has net debt of £3 8m *(2006 £15 3m)* reflecting the repayment of loans during the year following the sale of a number of properties

Principal risks and uncertainties

The Board sets the long term strategy and goals for the group The management of the business and execution of the group s strategy are subject to a number of risks which vary for each of the individual companies within the group Further discussion of these risks and uncertainties are provided in the directors' reports of the individual subsidiary companies

The Board are supported by Audit and Remuneration Committees, which include the non-executive directors

Future outlook

The directors are confident that the group can maintain a satisfactory level of performance in the future Strategic plans are in place to enhance performance further at the activity level The group is also well placed to make further acquisitions and is actively seeking appropriate investments

Key performance indicators

Business performance is measured by Key performance indicators ("KPI's") which include monitoring of actual results against budget by the Board, at a group level, on a monthly basis The subsidiary companies monitor appropriate KPI's necessary for an understanding of the development, performance or position of the individual businesses

Dividends

Dividends paid during the financial year comprise interim dividends of £2 48 per share in respect of the year ended 31 August 2007 Total dividends paid in the year amount to £1,235,447

Directors' report *(continued)*

Directors and directors' interests

Directors holding office during and after the end of the year were as follows

AJ McWalter	(Chairman)
NL Constantine	(Chief Executive)
GJ Chalk	(Non Executive)
RGW Williams	(Non Executive)
NKG Prescot	(Development Director)

The directors who held office at the end of the financial year had the following interests in the shares of the company according to the register of directors' interests

	At 1 September 2006	At 31 August 2007
NL Constantine	36,892	36,892
NKG Prescot	26,563	48,824

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families or exercised by them, during the financial year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

NL Constantine
Director

Craven House
Station Road
Godalming
Guildford
Surrey
GU7 1EX

24 January 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Consolidated profit and loss account
for the year ended 31 August 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Turnover	*2*				
Continuing operations		**106,447**		95,952	
Acquisitions		**1,893**		-	
			108,340		95,952
Cost of sales			**(92,605)**		(81,563)
Gross profit			**15,735**		14,389
Administrative expenses			**(12,940)**		(11,134)
Rents receivable			**2,150**		2,127
Profit on sale of properties			**861**		872
Operating profit					
Continuing operations		**5,793**		6,254	
Acquisitions		**13**		-	
			5,806		6,254
Other interest receivable and similar income			**411**		344
Interest payable and similar charges	*6*		**(1,095)**		(940)
Profit on ordinary activities before taxation	*2-6*		**5,122**		5,658
Tax on profit on ordinary activities	*7*		**(1,639)**		(2,334)
Profit on ordinary activities after taxation			**3,483**		3,324
Minority interests	*18*		**(37)**		(55)
Profit for the financial year	*18*		**3,446**		3,269

Consolidated statement of total recognised gains and losses
for the year ended 31 August 2007

	2007 £000	2006 £000
Profit for the financial year	**3,446**	3,269
Unrealised surplus on revaluation of properties	**1,025**	1,356
Exchange differences on consolidation	**9**	-
Total recognised gains and losses relating to the financial year	**4,480**	4,625

Note of consolidated historical cost profits and losses
for the year ended 31 August 2007

	2007 £000	2006 £000
Reported profit on ordinary activities before taxation	**5,122**	5,658
Realisation of property revaluation gains of previous years	**1,483**	1,487
Historical cost profit on ordinary activities before taxation	**6,605**	7,145
Historical cost profit for the year retained after taxation and dividends	**3,694**	3,371

Reconciliations of movements in shareholders' funds
for the year ended 31 August 2007

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Profit for the financial year	**3,446**	3,269	**1,921**	2,261
Dividends	**(1,235)**	(1,385)	**(1,235)**	(1,385)
Exchange differences on consolidation	**9**	-	-	-
	2,220	1,884	**686**	876
Unrealised surplus on revaluation of properties	**1,025**	1,356	-	-
New share capital subscribed	-	-	-	-
Surplus arising on directors' valuation of investments in subsidiary undertakings	-	-	**2,492**	2,431
Net addition to shareholders' funds	**3,245**	3,240	**3,178**	3,307
Opening shareholders' funds	**41,219**	37,979	**41,286**	37,979
Shareholders' funds	**44,464**	41,219	**44,464**	41,286

Consolidated cash flow statement

for the year ended 31 August 2007

	Note	2007 £000	2006 £000
Cash flow from operating activities	*20*	**7,823**	5,275
Returns on investments and servicing of finance	*21*	**(692)**	(546)
Taxation		**(1,508)**	(770)
Capital expenditure and financial investment	*21*	**9,302**	(18,447)
Acquisitions	*21*	**(1,927)**	(5,845)
Dividends paid		**(1,235)**	(1,385)
Cash inflow/(outflow) before management of liquid resources and financing		**11,763**	(21,718)
Financing	*21*	**(10,686)**	20,442
Increase/(decrease) in cash in the year		**1,077**	(1,276)

Reconciliation of net cash flow to movement in net debt

	Note	2007 £000	2006 £000
(Decrease)/increase in cash in the year		**1,077**	(1,276)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		**10,686**	(20,442)
Change in net debt resulting from cash flows		**11,763**	(21,718)
Inception of finance leases		**(278)**	(114)
Movement in net debt in the year		**11,485**	(21,832)
Net (debt)/funds at the start of the year		**(15,327)**	6,505
Net debt at the end of the year	*22*	**(3,842)**	(15,327)

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain properties and of shares in subsidiary undertakings

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 August 2007 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

An associated undertaking is one in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence A joint venture is an undertaking in which the group has a long term interest and over which it exercises joint control The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet

Goodwill arising on the acquisition of subsidiary and other undertakings prior to 1 September 1998 (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) was written off against reserves on consolidation and any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) was credited direct to reserves

Goodwill arising on the acquisition of subsidiary and other undertakings on or after 1 September 1998 is capitalised as an intangible asset and amortised over its useful economic life in accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets'

On the subsequent disposal or termination of a business, the consolidated profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves

The company's investments in subsidiary undertakings and the group's investment in associated undertakings and joint ventures are shown in the balance sheet at the directors' valuation of the underlying net assets

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

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

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account when incurred

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows

Freehold property	-	2% on cost and nil % on valuation
Short leasehold property	-	equal instalments over the lesser of the period of the lease and ten years
Plant and machinery	-	10% - 20% on cost
Office furniture and equipment	-	12% - 33% on cost
Motor vehicles	-	25% on written down value

No depreciation is provided on freehold land

In accordance with Statement of Standard Accounting Practice No 19

i investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and

ii no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

This treatment, as regards certain of the group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate The accounting policy adopted is therefore necessary for the accounts to give a true and fair view Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Stocks

Stocks are valued at cost, including appropriate overheads, or net realisable value whichever is the lower For work in progress and finished goods manufactured by the group, cost is taken as production cost which includes an appropriate proportion of attributable overheads

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19

Profits and losses on disposal of properties

The difference between proceeds received and the carrying value of a property is credited/(charged) to the profit and loss account as profit/(loss) on sale of property The realised element of the revaluation reserve after tax is then transferred to the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Post retirement benefits

The group operates two defined contribution pension schemes The assets of the schemes are held separately from those of the group in independently administered funds The amount charged against profits represents the contributions payable to the schemes in the accounting period

The group also operated a pension scheme providing benefits based on final pensionable pay The assets of the scheme were held separately from those of the group Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' service with the group The difference between the charge to the profit and loss account and the contributions paid to the scheme was shown as an asset or liability in the balance sheet

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash at bank and in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market Liquid resources comprise term deposits of less than one year (other than cash)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year

Notes *(continued)*

2 Analysis of turnover and acquired operations

All turnover derives from operations within the UK The analyses of turnover by activity and geographical destination are as follows

	2007 £000	2006 £000
Caravan and motorhome manufacture and retail	**57,136**	56,661
Specialist transport services	**51,204**	39,291
Turnover	**108,340**	95,952
United Kingdom	**95,721**	86,185
Overseas	**12,619**	9,767
Turnover	**108,340**	95,952

The total figures for continuing operations in 2007 include the following amounts relating to acquisitions, cost of sales £1,588,000 and administrative expenses £292,000

3 Notes to the profit and loss account

	2007 £000	2006 £000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Operating lease rentals		
Hire of plant and machinery	**78**	82
Other	**30**	32
Depreciation of tangible and intangible fixed assets		
Owned	**1,202**	1,007
Leased	**81**	66
Profit on sale of properties	**(861)**	(872)
Loss on disposal of other tangible fixed assets	**1**	16
Amortisation of goodwill	**181**	128

Auditors remuneration

	2007 £000	2006 £000
Audit of these financial statements	**26**	26
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	**81**	74
Other services relating to taxation	**31**	79

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

Notes *(continued*

4 Remuneration of directors

	2007 £000	2006 £000
Directors' emoluments	**998**	796
Company contributions to money purchase pension schemes	**58**	42
	1,056	838

The emoluments of the highest paid director were £483,000 *(2006 £397,000)* and company pension contributions of £20,000 *(2006 £19,000)* were made to a money purchase pension scheme on his behalf Retirement benefits are accruing to two directors under money purchase pension schemes *(2006 two)*

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	Number of employees Group		Number of employees Company	
	2007	2006	**2007**	2006
Management	**15**	17	**5**	5
Administration and clerical	**97**	84	**-**	-
Production	**427**	478	**-**	-
Other labour	**49**	49	**-**	-
	588	628	**5**	5

The aggregate payroll costs of these persons were as follows

	Group		Company	
	2007 £000	2006 £000	**2007 £000**	2006 £000
Wages and salaries	**15,416**	14,200	**998**	796
Social security costs	**1,546**	1,439	**126**	96
Other pension costs	**346**	307	**58**	42
	17,308	15,946	**1,182**	934

Notes *(continued*

6 Interest payable and similar charges

	2007 £000	2006 £000
On bank loans and overdrafts	**1,075**	917
On other loans	**-**	11
On finance leases and similar hire purchase contracts	**20**	12
	1,095	940

7 Taxation

Analysis of charge in period

	2007		2006	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period	**1,556**		1,450	
Adjustment in respect of prior years	**290**		31	
		1,846		1,481
Foreign tax				
Current tax on income for the period		**26**		-
Total current tax		**1,872**		1,481
Deferred tax (see note 16)				
Origination of timing differences	**(80)**		312	
Adjustments in respect of previous periods	**(153)**		541	
		(233)		853
Tax on profit on ordinary activities		**1,639**		2,334

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the current tax charge for the period

The tax charge for the period is higher *(2006 lower)* than the standard rate of corporation tax in the UK *(30%, 2006 30%)* The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**5,122**	5,658
Current tax at 30%	**1,537**	1,697
Effects of		
Expenses not deductible for tax purposes	**112**	114
Capital allowances for year in excess of depreciation	**(139)**	(147)
Differences between accounting profits and chargeable gains on sale of investment properties	**503**	(76)
Short term timing differences	**(2)**	20
Utilisation of tax losses	**(448)**	(85)
Small companies tax rate	**(3)**	(73)
Foreign tax rates	**22**	-
Adjustment in respect of prior years	**290**	31
Total current tax charge (see above)	**1,872**	1,481

Factors that may affect future tax charges

The group has capital losses of £nil *(2006 £nil)* available to carry forward against future capital gains No deferred tax liability is recognised on the revaluation of investment properties as there are no current plans to sell these properties No deferred tax is recognised on gains deferred by rollover relief as there is no current intention to sell the assets into which the gains were rolled over

It has been announced that the corporation tax rate applicable to the company is expected to change from 30% to 28% from 1 April 2008 Deferred tax liabilities have been calculated at 30% in accordance with FRS 19 Any timing differences which reverse before 1 April 2008 will be relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% The directors do not expect the change to have a material impact on the financial statements

The movement on deferred tax in the year includes a credit of £349,986 in respect of Industrial Building Allowances ('IBAs') Following a change in legislation which has been enacted during the year, there will no longer be a balancing adjustment to the IBA pool on the disposal of any assets which qualify for IBA's Consequently there is no timing difference arising on the assets as the capital allowances will never be recouped on a disposal

Notes *(continued)*

8 Dividends

	2007 £000	2006 £000
Final dividend paid in respect of prior years but not recognised as a liability in that year	-	787
Interim dividend paid	**1,235**	598
Dividends	**1,235**	1,385

9 Intangible fixed assets

Group	Negative goodwill £000	Goodwill £000	Total £000
Cost			
At beginning of year	-	3,406	3,406
Additions	(5)	1,832	1,827
At end of year	(5)	5,238	5,233
Amortisation			
At beginning of year	-	128	128
Charged in year	(5)	186	181
At end of year	(5)	314	309
Net book value			
At 31 August 2007	**-**	**4,924**	4,924
At 31 August 2006	-	3,278	3,278

Goodwill of £3,406,000 arising on the acquisition of 87 5% of Peters & May Limited is being amortised over 20 years

Goodwill of £351,000 arising on the acquisition of the remaining 12 5% of Peters & May Limited in the current year is being amortised over 20 years

Goodwill of £1,481,000 arising on the acquisition of 60% of Air & Ocean Shipping Inc in the current year is being amortised over 20 years

These businesses are long standing and well established and the directors believe the group will continue to derive financial benefit over these periods

Negative goodwill of £5,000 arising on the acquisition of 75% of Peters & May Spain S L in the current year has been released to the profit and loss account in line with the recovery of the non-monetary assets acquired

Notes *(continued)*

10 Tangible fixed assets

	Land and buildings			Plant, machinery and motor vehicles	Fixtures, fittings, tools and equipment	Assets in the course of construction	Total
	Freehold	Long leasehold	Short leasehold				
	£000	£000	£000	£000	£000	£000	£000
Group							
Cost or valuation							
At beginning of year	51,177	1,535	1,653	9,522	246	263	64,396
Surplus on revaluation	1,025	-	-	-	-	-	1,025
Additions	228	-	163	1,346	46	58	1,841
Disposals	(8,145)	(150)	-	(441)	-	-	(8,736)
Transfers	-	-	321	-	-	(321)	-
On acquisition	-	-	-	5	33	-	38
At end of year	44,285	1,385	2,137	10,432	325	-	58,564
Depreciation							
At beginning of year	399	-	171	6,153	160	-	6,883
Charged in year	100	-	94	1,050	39	-	1,283
Disposals	-	-	-	(362)	-	-	(362)
At end of year	499	-	265	6,841	199	-	7,804
Net book value							
At 31 August 2007	**43,786**	**1,385**	**1,872**	**3,591**	**126**	**-**	**50,760**
At 31 August 2006	50,778	1,535	1,482	3,369	86	263	57,513
Depreciation in 2006	*93*	-	*69*	*878*	*33*	-	*1,073*

Notes *(continued)*

10 Tangible fixed assets *(continued)*

The net book value of freehold and leasehold land and buildings can be analysed as follows

	Freehold £000	Long leasehold £000	Short leasehold £000
At cost or agreed valuation under historical cost convention	37,877	777	1,872
Surplus on revaluation	5,909	608	-
Net book value	43,786	1,385	1,872

Amounts included in the above net book value of land and buildings relating to investment properties are

	Freehold £000	Long leasehold £000	Short Leasehold £000
At 31 August 2007	33,754	1,385	-
At 31 August 2006	35,914	1,535	-

The valuations of property at 31 August 2007 and 31 August 2006 were made on the basis of open market value for existing use by AC Higgitt, a director of a subsidiary undertaking who is a Fellow of the Royal Institution of Chartered Surveyors, in accordance with the guidelines laid down by that Institution

The gross book value of freehold land and buildings includes £759,000 *(2006 £759,000)* of non-depreciable land

Included in the total net book value of plant, machinery and motor vehicles and fixtures, fittings, tools and equipment is £322,416 *(2006 £199,165)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £81,419 *(2006 £66,000)*

Notes *(continued)*

10 Tangible fixed assets *(continued)*

Company

	Land and buildings - short leasehold £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost			
At beginning of year	46	50	96
Additions	-	2	2
At end of year	46	52	98
Depreciation			
At beginning of year	41	42	83
Charged in year	5	4	9
At end of year	46	46	92
Net book value			
At 31 August 2007	**-**	**6**	**6**
At 31 August 2006	5	8	13
Depreciation in 2006	*4*	*4*	*8*

Notes *(continued)*

11 Fixed asset investments

	Other investments other than loans £000
Group	
Cost or valuation	
At beginning and end of year	13
Share of results	
At beginning of year	-
Distributed in year	-
At end of year	-
Net book value	
At 31 August 2007	**13**
At 31 August 2006	13

The company has a 50% interest in Summit Homes Limited which has been written off in full

	Cost or valuation £000	Provisions £000	Net book value £000
Company - shares in group undertakings			
Cost or valuation			
At beginning of year	39,426	(3,166)	36,260
Additions	440	-	440
Impairment	-	(369)	(369)
Surplus on revaluation	2,492	-	2,492
At end of year	42,358	(3,535)	38,823
Other investments other than loans			14
			38,837

The amount of shares in group undertakings (included above at a valuation) determined according to the historical cost accounting rules is £15,557,000 *(2006 £15,486,000)*

Details of the principal subsidiaries of the company and the group are disclosed in note 26 All of the subsidiary undertakings of the company and the group are incorporated in Great Britain and registered in England and Wales, except for Air & Ocean Shipping Inc incorporated in USA, Peters & May Spain S L incorporated in Spain and Peters & May France S A R L incorporated in France

The other investment had a cost and net book value of £14,000 at the end of the previous year

Notes *(continued)*

12 Stocks

	2007 £000	2006 £000
Group		
Raw materials and consumables	**2,287**	2,014
Work in progress	**117**	332
Finished goods	**842**	1,313
	3,246	3,659

The company has no stock

13 Debtors

	Group		Company	
	2007 £000	2006 £000	**2007 £000**	2006 £000
Trade debtors	**9,528**	9,404	**-**	-
Amounts owed by group undertakings	**-**	-	**7,333**	5,097
Group relief receivable	**-**	-	**541**	945
Deferred tax asset (see note 16)	**-**	-	**151**	315
Other debtors	**1,321**	3,106	**-**	1
Prepayments and accrued income	**1,074**	2,390	**43**	18
	11,923	14,900	**8,068**	6,376

Other debtors of the group includes an amount of £195,000 *(2006 £195,000)* falling due in more than one year Amounts owed by group undertakings of the company includes an amount of £1,000,000 *(2006 £nil)* falling due in more than one year

14 Creditors: amounts falling due within one year

	Group		Company	
	2007 £000	2006 £000	**2007 £000**	2006 £000
Term loan (see note 15)	**154**	154	**-**	-
Obligations under finance leases and hire purchase contracts (see note 15)	**118**	74	**-**	-
Trade creditors	**10,524**	10,793	**66**	70
Amounts owed to group undertakings	**-**	-	**1,229**	854
Corporation tax	**1,799**	881	**-**	-
Other taxation and social security	**857**	592	**30**	17
Accruals	**8,073**	9,790	**1,122**	840
Other creditors	**326**	-	**-**	-
	21,851	22,284	**2,447**	1,781

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Term loans	**10,596**	21,175	-	-
Obligations under finance leases and hire purchase contracts	**288**	161	-	-
	10,884	21,336	-	-

Constantine Limited has a term loan facility of £1 225m of which £0 5m was drawn down and remains outstanding at the year end This loan is secured by a fixed charge over the freehold land and buildings of the company This loan is repayable by January 2014 and carries an interest charge of 1 75% above LIBOR

Constantine Land Limited has a £22 million revolving term loan facility which was fully drawn down of which £10 25m *(2006 £17m)* remains outstanding at the year end The loan is secured by first legal charges over specific properties of the group, a cross guarantee with certain subsidiaries and a debenture The term loan is repayable by 31 December 2010 and interest is charged at 1 25% above LIBOR

Constantine Logistics Limited had a £3 8m revolving term loan facility which was fully repaid during the year The loan was secured by a first legal charge over specific property of the group, a cross guarantee with certain subsidiaries of the group and a debenture Interest was charged at 1 25% above LIBOR

Analysis of debt (excluding obligations under finance leases)

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Debts can be analysed as falling due				
In one year or less, or on demand	**154**	154	-	-
Between one and two years	**154**	154	-	-
Between two and five years	**10,442**	21,021	-	-
Over five years	-	-	-	-
	10,750	21,329	-	-

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2007	2006
	£000	£000
Group		
Within one year	**118**	74
In the second to fifth years	**288**	161
	406	235

Notes *(continued)*

16 Provisions for liabilities and charges

	Deferred taxation £000
Group	
At beginning of year	694
Credit in year	(233)
At end of year	461

The elements of deferred taxation are as follows

	2007 £000	2006 £000
Difference between accumulated depreciation and capital allowances	472	301
Other timing differences	(11)	393
Deferred tax liability	461	694

	Deferred tax £000
Company	
At beginning of year	-
Transferred from debtors (see note 13)	315
Charge for year	(164)
Transferred to debtors (see note 13)	(151)
At end of year	-

The company has a deferred tax asset of £151,000 *(2006 £315,000)* in respect of other timing differences

17 Called up share capital

	2007 £000	2006 £000
Authorised		
3,850,000 ordinary shares of £1 each	3,850	3,850

	2007 £000	2006 £000
Allotted, called up and fully paid		
498,164 ordinary shares of £1 each	498	498

Notes *(continued)*

18 Share premium and reserves

Group

	Share premium account £000	Capital redemption reserve £000	Other reserve* £000	Investment property revaluation reserve £000	Profit and loss account £000
At beginning of year	650	3,318*	227	6,975	29,551
Surplus on investment property revaluation	-	-	-	1,025	-
Profit for the year	-	-	-	-	3,446
Dividends paid	-	-	-	-	(1,235)
Transfers	-	-	-	(1,483)	1,483
Exchange differences	-	-	-	-	9
At end of year	650	3,318	227	6,517	33,254

*This has resulted from waiver of a capital loan in a subsidiary company

Minority interest

	Group 2007 £000
At beginning of year	67
On acquisition of subsidiaries	505
Retained profit for the year	37
Acquisition of existing minority interest	(89)
At end of year	520

The cumulative amount of goodwill written off to the consolidated profit and loss account resulting from acquisitions made prior to December 1987 cannot be obtained without undue delay and expense Cumulative goodwill written off to the profit and loss account since that date on acquisitions prior to 1 September 1998 amounts to £9,517,000 *(2006 £9,517,000)*

Company

	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year	650	3 318	20,774	16,046
Profit for the year	-	-	-	1,921
Dividends paid	-	-	-	(1,235)
Surplus arising on directors' valuation of investments in subsidiary undertakings	-	-	2,492	-
At end of year	650	3 318	23,266	16,732

The profit for the financial year dealt with in the accounts of the company was £1,921,000 *(2006 profit £2 261,000)*

Notes *(continued)*

19 Pension schemes

The group has two defined contribution pension schemes The pension cost charge for the year in respect of these schemes represents contributions payable by the group to the schemes and amounted to £346,000 *(2006 £307,000)*

Contributions amounting to £26,000 *(2006 £20,000)* were payable to the schemes at the end of the year and are included in creditors

The group also operated the Constantine Holdings Limited Superannuation Fund ('the Constantine Scheme'), a defined benefit pension scheme providing benefits based on final pensionable pay The Constantine Scheme is fully funded and assets are held in a separate trustee administered fund Formal actuarial valuations of the scheme are carried out triennially by the scheme's actuary During 2001 the group reviewed the pension arrangements of its employees and took the decision to cease contributions to the scheme Alternative pension arrangements were made for the remaining active membership of the scheme

The actuarial valuation prepared as at 1 July 2000, using the projected unit method, is the most recent valuation of the Constantine Scheme The principal assumption adopted in the valuation was that, over the long term, the annual rate of return on investments would be 2½ per cent higher than the annual increase in general salaries The market value of the scheme's assets at 1 July 2000 was £22,200,000 and the actuarial value of those assets represented 98 per cent of the value of the benefits accrued to members allowing for expected future increases in earnings

In January 2003 the trustees took the decision to wind up the scheme Management reached agreement that its future contributions to discharge the group's liability in respect of the scheme would be in the region of £2,800,000 of which £500,000 was paid in 2003 and the balance paid during 2004 Any further liabilities are restricted to administrative costs capped at £225,000 All movements in valuation in 2007 have been assumed to arise as a result of actuarial losses, as the scheme has been in wind up in the period under review

Whilst Financial Reporting Standard 17 ('FRS 17') 'Retirement benefits' does not have to be complied with in these accounts, due to the wind up process, the following disclosures are required

The valuation of the Constantine Scheme at 1 July 2000 has been updated by the actuary on an FRS 17 basis as at 31 August 2007, 31 August 2006, 31 August 2005 and 31 August 2004

The major assumptions used in these valuations were

	2007	2006	2005
Rate of increase in pensions in payment	**3 60%**	3 00%	3 00%
Discount rate	**5 70%**	5 00%	4 90%
Inflation assumption	**3 40%**	3 25%	2 90%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Notes *(continued)*

19 Pension schemes *(continued)*

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long term rate of return			Value at 31 August		
	2007	2006	2005	**2007**	2006	2005
	%	%	%	**£000**	£000	£000
Bonds	**5 7%**	5 0%	4 2%	**6,525**	6,969	6,940
Secured pensions				**11,444**	11,686	12,222
Other				**128**	125	460
				18,097	18,780	19,622
Present value of scheme liabilities				**(23,085)**	(23,201)	(23,883)
Deficit in scheme – pension liability				**(4,988)**	(4,421)	(4,261)
Adjustment for scheme in wind up				**4,988**	4,421	4,261
Net pension liability				**-**	-	-

The company paid part of its pension liability during 2003 The balance of the pension liability was paid during 2004 and the company has obtained a tax deduction of £550,000 per annum for the last four years

	2007	2006	2005
	£000	£000	£000
Deficit in scheme at beginning of year	**(4,421)**	(4,261)	(2,937)
Net finance cost	**-**	-	(274)
Net contributions	**-**	-	(11)
Loss on settlement/curtailment	**-**	-	(351)
Actuarial loss	**(567)**	(160)	(688)
Deficit in the scheme at the end of year	**(4,988)**	(4,421)	(4,261)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been

	2007	2006	2005
	£000	£000	£000
Analysis of amounts included in other finance costs			
Expected return on pension scheme assets	**-**	-	969
Interest on pension scheme liabilities	**-**	-	(1,243)
	-	-	(274)

Notes *(continued)*

19 Pension schemes *(continued)*

Analysis of amount recognised in statement of total recognised gains and losses

	2007 %	2007 £000	2006 %	2006 £000	2005 %	2005 £000
Actual return less expected return on scheme assets		-		-		1,046
Percentage of year end scheme assets	-		-		5 3	
Experience gains and losses arising on scheme liabilities		-		-		15
Percentage of present value of year end scheme liabilities	-		-		0 1	
Changes in assumptions		(567)		(160)		(1,749)
Percentage of present value of year end scheme liabilities	(2 5)		(0 1)		(7 3)	
Actuarial loss recognised in statement of total recognised gains and losses		(567)		(160)		(688)

20 Reconciliation of operating profit to operating cash flows

	2007 £000	2006 £000
Operating profit	5,806	6,254
Depreciation and amortisation charge	1,464	1,201
Profit on sale of tangible fixed assets	(860)	(856)
Decrease/(increase) in debtors	2,961	(330)
Decrease in stocks	413	492
Decrease in creditors	(1,961)	(1,486)
Net cash inflow from operating activities	7,823	5,275

Notes *(continued)*

21 Analysis of cash flows

	2007 £000	2006 £000
Returns on investment and servicing of finance		
Interest received	411	344
Interest paid	(1,083)	(878)
Interest element of finance lease rental payments	(20)	(12)
	(692)	(546)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,904)	(18,542)
Sale of tangible fixed assets	11,206	95
	9,302	(18,447)
Acquisition		
Purchase of existing minority interest and subsidiary undertakings (note 23)	(2,515)	(8,390)
Cash acquired with subsidiary	588	2,545
	(1,927)	(5,845)
Financing		
Debt due within one year		
Repayment of bank and term loans	(154)	(4,728)
Debt due after more than one year		
Repayment of bank and term loans	(10,425)	-
New bank and term loans	-	25,250
Capital element of finance lease rental payments	(107)	(80)
	(10,686)	20,442

Notes *(continued)*

22 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non-cash changes £000	At end of year £000
Cash in hand, at bank	6,237	1,077	-	7,314
	6,237	1,077	-	7,314
Debt due after one year	(21,175)	10,425	154	(10,596)
Debt due within one year	(154)	154	(154)	(154)
Finance leases	(235)	107	(278)	(406)
Total	**(15,327)**	**11,763**	**(278)**	**(3,842)**

23 Acquisitions

The company acquired the remaining 12 5% of the issued share capital of Peters & May Limited in January 2007 The resulting goodwill of £351,000 was capitalised and will be amortised over 20 years, the period over which the directors anticipate the group will derive continuing economic benefit

	Book and fair value £000
Peters & May Limited	
12 5% of net assets at January 2007	89
Goodwill	351
Purchase consideration and costs of acquisition	440

	£000
Satisfied by	
Cash	440

Notes *(continued)*

23 Acquisitions *(continued)*

The company also acquired 60% of the issued share capital of Air & Ocean Shipping Inc in 2007 The resulting goodwill of £1,481,000 was capitalised and will be amortised over 20 years, the period over which the directors anticipate the group will derive continuing economic benefit

	Book and fair value £000
Fixed assets	
Tangible	28
Current assets	
Debtors	1,668
Cash	565
Total assets	2,261
Liabilities	
External creditors	1,117
Provisions	-
Total liabilities	1,117
Net assets	1,144
Minority interest	(458)
Goodwill	1,481
Net purchase consideration and costs of acquisition	2,167

Satisfied by	£000
Cash	1,936
Deferred consideration	231
	2,167

Notes *(continued)*

23 Acquisitions *(continued)*

The company acquired 75% of the issued share capital of Peters & May Spain S L in 2007 The resulting negative goodwill of £5,000 was capitalised and has been released to the profit and loss account in line with the recovery of the non-monetary assets acquired

	Book and fair value
	£000
Fixed assets	
Tangible	10
Current assets	
Debtors	287
Cash	23
Total assets	320
Liabilities	
External creditors	129
Net assets	191
Minority interest	(47)
Goodwill	(5)
Net purchase consideration and costs of acquisition	139
Satisfied by	£000
Cash	139

24 Commitments

a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	Group		**Company**	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Contracted	**863**	536	**-**	-

Notes *(continued)*

24 Commitments *(continued)*

b) Commitments to make payments under operating leases during the forthcoming year are as follows

	2007		2006	
	Land and buildings	**Other**	Land and Buildings	Other
Group	**£000**	**£000**	£000	£000
Operating leases which expire				
Within one year	**112**	**49**	-	17
In the second to fifth years inclusive	**96**	**66**	-	25
Over five years	**273**	**-**	210	-
	481	**115**	210	42

	2007	2006
	£000	£000
Company – Land and buildings		
Operating leases which expire		
Within one year	**30**	-
In the second to fifth years inclusive	**-**	30
	30	30

25 Contingent liabilities

Certain subsidiaries have given guarantees to HM Customs & Excise totalling £15,500 *(2006 £30,000)*

Notes *(continued)*

26 Principal subsidiaries

Of the company	Nature of business
Constantine Land Limited (formerly London & Cleveland Investments Limited)	Property investment and management
The Explorer Group Limited	Caravan and motorhome manufacturer
Constantine Limited	Packing, handling, transportation and storage services
Peters & May Limited	Freight forwarders and packers
Constantine Logistics Limited	Property investment

Of group subsidiaries	
Constantine Property Management Limited	Property management
Peters & May (Dangerous Goods) Limited	Transportation and handling of dangerous goods
Peters & May (Packing) Limited	Export freight packers
Corporate Express Couriers Limited	Courier services
Air & Ocean Shipping Inc	Freight forwarders
Peters & May Spain S L	Freight forwarders
Peters & May France SARL	Freight forwarders

In each case the group's interest is in 100% of the ordinary shares of the company, except Air & Ocean Shipping Inc where 60% of the ordinary shares are held and Peters & May Spain S L where 75% of the ordinary shares are held

In addition the company holds the entire issued share capital of a further 2 companies directly and 17 companies indirectly