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COMPANY

NUMBER: 01372780

Concorde Logistics Limited

Report and Financial Statements

Period Ended

30 June 2005



BDO

BDO Stoy Hayward
Chartered Accountants

CONCORDE LOGISTICS LIMITED

Annual report and financial statements for the period ended 30 June 2005

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Directors

C J N Grad
D N Fletcher
B J Dearman
K G Williams
A Joy
M J K Grad

Secretary and registered office

D N Fletcher, Unit 4, Trident Way, International Trading Estate, Brent Road, Southall,
Middlesex UB2 5LF

Company number

01372780

Auditors

BDO Stoy Hayward LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire RG1 3EX

CONCORDE LOGISTICS LIMITED

Report of the directors for the period ended 30 June 2005

The directors present their report together with the audited financial statements for the period ended 30 June 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the period.

Interim dividends of Nil (2004 – 15p) per share were paid to ordinary shareholders during the period. The directors do not recommend the payment of a final dividend.

Principal activities, trading review and future developments

The company's principal activities are specialist logistics, incorporating storage, specialised distribution and installation of high value equipment, service logistics, including reverse logistics solutions and project logistics, including desktop equipment audits, refresh programs, remarketing and disposal.

The directors are satisfied with the results for the period under review and are of the opinion that the ensuing year's results should show an increase in turnover and profit.

Directors

The directors of the company during the period were:

C J N Grad
D N Fletcher
B J Dearman
K G Williams
A Joy
M J K Grad (appointed 23 June 2005)

No director had any beneficial interest in the share capital of the company. The directors, except A Joy and M J K Grad, are also directors of the ultimate parent company, Concorde Logistics Services Limited, and their interests in the share capital of that company are shown in its financial statements.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

CONCORDE LOGISTICS LIMITED

Report of the directors for the period ended 30 June 2005 (*Continued*)

Directors' responsibilities (*continued*)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

By order of the Board



D N Fletcher
Secretary

Date: 13 October 2005

CONCORDE LOGISTICS LIMITED

Report of the independent auditors

To the shareholders of Concorde Logistics Limited

We have audited the financial statements of Concorde Logistics Limited for the period ended 30 June 2005 on pages 5 to 19 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

CONCORDE LOGISTICS LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Reading

Date: *13 October 2005*

CONCORDE LOGISTICS LIMITED

Profit and loss account for the period ended 30 June 2005

	Note	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Turnover	2	14,197,223	27,654,884
Cost of sales		12,822,537	24,209,594
Gross profit		1,374,686	3,445,290
Administrative expenses		1,047,911	1,901,718
Operating profit	3	326,775	1,543,572
Other interest receivable and similar income	6	185	18,028
Interest payable and similar charges	7	(55,277)	(57,371)
Profit on ordinary activities before taxation		271,683	1,504,229
Taxation on profit from ordinary activities	8	97,957	495,924
Profit on ordinary activities after taxation		173,726	1,008,305
Dividends	9	-	30,000
Retained profit for the financial period	16	173,726	978,305

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior period are included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

CONCORDE LOGISTICS LIMITED

Balance sheet at 30 June 2005

	Note	30 June 2005 £	30 June 2005 £	31 December 2004 £	31 December 2004 £
Fixed assets					
Tangible assets	10		928,561		809,728
Current assets					
Debtors	11	9,766,508		10,435,893	
Cash at bank and in hand		367,250		201,944	
		<u>10,133,758</u>		<u>10,637,837</u>	
Creditors: amounts falling due within one year	12	7,081,274		7,560,011	
		<u></u>		<u></u>	
Net current assets			3,052,484		3,077,826
			<u></u>		<u></u>
Total assets less current liabilities			3,981,045		3,887,554
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	13		(178,306)		(260,296)
Provision for liabilities and charges	14		(1,755)		-
			<u></u>		<u></u>
			3,800,984		3,627,258
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	15		199,531		199,531
Profit and loss account	16		3,601,453		3,427,727
			<u></u>		<u></u>
Equity shareholder's funds	17		3,800,984		3,627,258
			<u></u>		<u></u>

The financial statements were approved by the Board on 13 October 2005.


C J N Grad
Director

The notes on pages 8 to 19 form part of these financial statements

CONCORDE LOGISTICS LIMITED

Cash flow statement for the period ended 30 June 2005

	Note	6 months ended 2005 £	6 months ended 2005 £	Year ended 31 December 2004 £	Year ended 31 December 2004 £
Net cash inflow/(outflow) from operating activities	21		909,599		(472,603)
Returns on investments and servicing of finance					
Interest received		185		18,028	
Interest paid: other		(55,277)		(57,371)	
			(55,092)		(39,343)
Taxation					
UK corporation tax paid		(483,370)		(231,017)	
			(483,370)		(231,017)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(249,732)		(364,378)	
Receipts from sale of tangible fixed assets		2,975		23,627	
			(246,757)		(340,751)
Equity dividend paid			-		(30,000)
Cash inflow/(outflow) before financing			124,380		(1,113,714)
Financing					
Loan advanced in period		-		564,583	
Loan repayments		(76,436)		(148,096)	
			(76,436)		416,487
Increase/(decrease) in cash	22, 23		47,944		(697,227)

The notes on pages 8 to 19 form part of these financial statements.

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	over the period of the lease
Plant and machinery	-	10%-33% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	20% per annum

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

2 Turnover

	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Analysis by class of business:		
Specialist logistics	4,511,591	9,596,451
Service logistics	7,935,404	14,492,410
Project logistics	1,750,228	3,566,023
	<hr/>	<hr/>
	14,197,223	27,654,884
	<hr/>	<hr/>
	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Analysis by geographical market:		
United Kingdom	12,769,404	24,833,701
Europe	1,427,819	2,821,183
	<hr/>	<hr/>
	14,197,223	27,654,884
	<hr/>	<hr/>

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (Continued)

3 Operating profit

	6 months ended 30 June 2005	Year ended 31 December 2004
	£	£
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	130,495	202,991
Hire of plant and machinery - operating leases	67,145	110,629
Hire of other assets - operating leases	661,040	1,555,471
Auditors' remuneration - Audit services	32,500	30,000
- Non-audit services	12,990	5,150
Exchange differences	(5,447)	9,665
Profit on disposal of fixed assets	(2,571)	(20,300)
Exceptional item – release of contract costs provision	-	(205,629)

The exceptional item relates to the release of a provision for contract costs that is no longer required.

4 Employees

	6 months ended 30 June 2005	Year ended 31 December 2004
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	2,852,025	5,303,832
Social security costs	287,183	553,743
Other pension costs	35,532	73,081
	3,174,740	5,930,656

The average number of employees (including directors) during the period was as follows:

	2005 Number	2004 Number
Warehouse and transport	190	188
Sales and administration	22	20
Engineering, computer maintenance and sales	12	11
	224	219

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

5 Directors' remuneration

	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Directors' emoluments	280,056	529,499
Company contributions to money purchase pension schemes	6,004	11,425

There were 4 directors in the company's defined contribution pension scheme during the period (2004 - 3).

The total amount payable to the highest paid director in respect of emoluments was £77,618 (2004 - £150,092). Company pension contributions of £Nil (2004 - £Nil) were made to a money purchase scheme on his behalf.

6 Other interest receivable and similar income

	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Bank deposits	185	1,148
Other interest	-	16,880
	185	18,028

7 Interest payable and similar charges

	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Bank loans and overdrafts	19,401	48,270
Other interest payable	35,876	9,101
	55,277	57,371

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

8 Taxation on profit on ordinary activities

	6 months ended 30 June 2005	6 months ended 30 June 2005	Year ended 31 December 2004 £	Year ended 31 December 2004 £
<i>Current tax</i>				
UK corporation tax on profits of the period	98,380		483,368	
Overprovision in prior years	(4,713)		(28,027)	
Total current tax		93,667		455,341
<i>Deferred tax</i>				
Origination and reversal of timing differences	4,290		25,392	
Adjustments in respect of previous periods	-		15,191	
		4,290		40,583
Taxation on profit on ordinary activities		97,957		495,924

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
Profit on ordinary activities before tax	271,683	1,504,229
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	81,505	451,269
Effects of:		
Expenses not deductible for tax purposes	29,963	57,492
Capital allowances in excess of depreciation	(4,290)	(8,755)
Short term timing differences	-	(16,638)
Adjustment to tax charge in respect of previous years	(4,713)	(28,027)
Marginal relief	(8,798)	-
Current tax charge for the period	93,667	455,341

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

9 Dividends

	6 months ended 30 June 2005 £	Year ended 31 December 2004 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of Nil p (2004 – 15.04 p) per share	-	30,000

10 Tangible fixed assets	Leasehold Improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 January 2005	484,623	518,168	120,894	273,805	1,397,490
Additions	234,139	8,398	-	7,195	249,732
Disposals	-	-	(9,142)	-	(9,142)
At 30 June 2005	718,762	526,566	111,752	281,000	1,638,080
<i>Depreciation</i>					
At 1 January 2005	172,493	226,967	117,336	70,966	587,762
Provided for the period	56,674	45,153	1,369	27,299	130,495
Disposals	-	-	(8,738)	-	(8,738)
At 30 June 2005	229,167	272,120	109,967	98,265	709,519
<i>Net book value</i>					
At 30 June 2005	489,595	254,446	1,785	182,735	928,561
At 31 December 2004	312,130	291,201	3,558	202,839	809,728

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

11 Debtors

	30 June 2005 £	31 December 2004 £
Amounts receivable within one year:		
Trade debtors	6,002,740	7,045,622
Amounts owed by group undertakings	2,141,330	2,141,330
Deferred taxation (see note 14)	-	2,535
Other debtors	698,448	423,200
Prepayments and accrued income	923,990	823,206
	<hr/>	<hr/>
	9,766,508	10,435,893
	<hr/>	<hr/>

12 Creditors: amounts falling due within one year

	30 June 2005 £	31 December 2004 £
Bank overdraft (secured – see note 25)	732,586	615,224
Bank loan (secured – see note 13)	161,745	156,191
Trade creditors	3,849,910	4,036,845
Taxation and social security	666,539	455,780
Corporation tax	89,399	479,102
Other creditors	322,191	425,534
Accruals and deferred income	1,258,904	1,391,335
	<hr/>	<hr/>
	7,081,274	7,560,011
	<hr/>	<hr/>

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (Continued)

13 Creditors: amounts falling due after more than one year

	30 June 2005 £	31 December 2004 £
Bank loan (secured)	178,306	260,296
	<u>178,306</u>	<u>260,296</u>
	Bank loan Total 2005 £	Bank loan Total 2004 £
Maturity of debt:		
In one year or less, or on demand	161,745	156,191
	<u>161,745</u>	<u>156,191</u>
In more than one year but not more than two years	178,306	167,497
In more than two years but not more than five years	-	92,799
	<u>178,306</u>	<u>260,296</u>
	<u>178,306</u>	<u>260,296</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

14 Deferred taxation

	£
At 1 January 2005	(2,535)
Charged to profit and loss account	4,290
	<u>1,755</u>
At 30 June 2005	1,755
	<u>1,755</u>
	30 June 2005 £
The deferred taxation liability/(asset) consists of:	31 December 2004 £
Accelerated capital allowances	1,755
	<u>(2,535)</u>

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (Continued)

15 Share capital

	30 June 2005 £	31 December 2004 £
<i>Authorised</i>		
500,000 ordinary shares of £1 each	500,000	500,000
<i>Allotted, called up and fully paid</i>		
199,531 ordinary shares of £1 each	199,531	199,531

16 Reserves

		Profit and loss account £
At 1 January 2005		3,427,727
Profit for the period		173,726
At 30 June 2005		3,601,453

17 Reconciliation of movement in shareholder's funds

	30 June 2005 £	31 December 2004 £
Profit for the period	173,726	1,008,305
Dividends	-	(30,000)
Opening shareholder's funds	173,726 3,627,258	978,305 2,648,953
Closing shareholder's funds	3,800,984	3,627,258

18 Pensions

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £35,533 (2004 - £73,081). There were outstanding contributions at the end of the financial year of £Nil (2004 - £Nil).

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

19 Commitments under operating leases

As at 30 June 2005, the company had annual commitments under non-cancellable operating leases as set out below:

	30 June 2005 Land and buildings £	30 June 2005 Other £	31 December 2004 Land and buildings £	31 December 2004 Other £
Operating leases which expire:				
Within one year	26,639	18,062	133,800	89,567
In two to five years	878,520	195,405	866,937	163,718
Over five years	282,700	12,828	282,700	12,828
	<u>1,187,859</u>	<u>226,295</u>	<u>1,283,437</u>	<u>266,113</u>

20 Related party disclosures

Related party transactions and balances

Related party	Sales to related party £	Purchases from related party £	Amounts owed by related party £
2005			
Lundy International Limited	15,200	-	17,517
Tools for Schools Limited	51,035	-	88,392
Techxpress Limited	6,661	2,388,402	(1,719,358)
	<u>72,900</u>	<u>2,388,402</u>	<u>(1,631,449)</u>
2004			
Lundy International Limited	25,242	-	16,529
Tools for Schools Limited	257,264	144,959	66,103
Techxpress Limited	39,510	3,314,381	(1,273,782)
	<u>322,016</u>	<u>3,314,381</u>	<u>(1,207,150)</u>

C J N Grad owns 33% of Lundy International Limited and has a beneficial interest in 36.8% of the Ordinary Share Capital of Techxpress Limited.

C J N Grad is a director of Tools for Schools Limited. During the period the company made a provision of £75,812 in respect of a debt due from this company.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions" not to disclose any transactions with entities that are included in the consolidated financial statements of Concorde Logistics Services Limited.

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (Continued)

21 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	30 June 2005 £	31 December 2004 £
Operating profit	326,775	1,543,572
Depreciation of tangible fixed assets	130,495	202,991
Profit on sale of tangible fixed assets	(2,571)	(20,300)
Decrease/(increase) in debtors	666,850	(2,682,875)
Decrease/(increase) in creditors	(211,950)	484,009
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	909,599	(472,603)
	<hr/>	<hr/>

22 Reconciliation of net cash inflow/(outflow) to movement in net debt

	30 June 2005 £	31 December 2004 £
Increase/(decrease) in cash	47,944	(697,227)
Cash inflow from changes in debt	76,436	(416,487)
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	124,380	(1,113,714)
Opening net debt	(829,767)	283,947
	<hr/>	<hr/>
Closing net debt	(705,387)	(829,767)
	<hr/>	<hr/>

23 Analysis of net debt

	At 1 January 2005 £	Cash flow £	Non-cash flow £	At 30 June 2005 £
Cash in hand and at bank	201,944	165,306		367,250
Bank overdraft	(615,224)	(117,362)		(732,586)
		<hr/>		
		47,944		
Debt due within one year	(156,191)	76,436	(81,990)	(161,745)
Debt due after one year	(260,296)	-	81,990	(178,306)
		<hr/>		
		76,436		
	<hr/>	<hr/>	<hr/>	<hr/>
	(829,767)	124,380	-	705,387
	<hr/>	<hr/>	<hr/>	<hr/>

CONCORDE LOGISTICS LIMITED

Notes forming part of the financial statements for the period ended 30 June 2005 (*Continued*)

24 Capital commitments

	30 June 2005 £	31 December 2004 £
Contracted but not provided for		
Tangible fixed assets	110,407	52,850

25 Contingent liabilities

The company has cross guarantees between itself and Concorde Logistics Services Limited in respect of bank borrowings. At 30 June 2005 these guarantees amounted to £Nil (2004 - £Nil). The guarantees are secured by first and second fixed and floating charges over the assets of the company.

26 Parent company and ultimate controlling party

The parent company is Concorde Logistics Services Limited, which is the parent of the largest group of which the company is a member. Copies of the consolidated financial statements of Concorde Logistics Services Limited are available from Companies House.

The ultimate controlling party is Mr C J N Grad.