Bibby Financial Services Limited

Contents

Ultimate Parent Undertaking
Bibby Line Group Limited

Directors
Sir Michael Bibby, Bt. *Chairman*
David Albert Robertson *Chief Executive*
Jonathan Haymer
Mark John Cleaver
Mark Timothy Hartigan
Gregory Wayne Charlwood
Edward John Rimmer
Stewart Brian Chesters

Secretary
Bibby Bros. & Co. (Management) Limited

Registered Office
105 Duke Street
Liverpool
L1 5JQ
Incorporated in England and Wales
(Registered Number 3530461)

Auditors
Deloitte LLP
Liverpool
United Kingdom

Chief Executive's Statement

Bibby Financial Services Group is a dynamic group of 32 companies with a vision to become the world's leading independent provider of business finance solutions to SMEs. We are wholly owned by the highly successful Bibby Line Group Limited, a 200 year old company operating in sectors encompassing ship owning and operation, shallow water accommodation, oil and gas field services, contract logistics, retail stores and business finance.

Throughout 2008, the global financial services landscape has experienced unprecedented change, but despite the turmoil in the world's markets, 2008 proved to be yet another strong year for the Bibby Financial Services Group, continuing the momentum of 2007.

Many parts of our business experienced tremendous growth with record-breaking months. New business hit its highest ever level with 2,253 new facilities taken on, resulting in an overall lift in our client portfolio of 21% year on year. Overall the Group has yielded a healthy profit before tax and exceptional item of £20.5m, an increase of 24%. This is as a result of the hard work and determination of every single employee within the Group.

Despite the uncertainty within the financial markets and the knock-on effect to the business markets and the economy, we continue to be optimistic about the future. 2008 saw the successful renegotiation of our main finance facilities for both the UK & Irish and Americas regions. We are confident that existing facilities in our European and AsiaPac regions will shortly be successfully concluded. This provides us with the confidence that we can continue to develop our strategic initiatives whilst also being in a position to capitalise on any opportunities that arise over the coming years.

During 2008, growth through acquisition remained central to our overall strategy and resulted in the Group acquiring a number of businesses in the UK including Arbuthnot Commercial Finance Limited, an independent factoring company based in St Leonards-on-Sea as well as the single invoice factoring business of Siemens Financial Services Limited.

The Explorer Team.

Our national network of operating companies expanded with the opening of a fully serviced business in Glasgow and a sales office in the heart of the City of London. In addition, significant inroads have been made in Europe with Poland expanding into Poznan, offering the Group a broader geographical coverage across the country as well as the opening of a Greenfield site in Dusseldorf, Germany.

In preparation for the future, we made a decision to invest in improving our internal processes to bring greater efficiencies and to remove frustrations – in essence making us leaner while ensuring we are well placed to take the business forward into 2009 and beyond. Although this initiative which we have called "Explorer" has started in the UK and Ireland, it is our intention to roll this out across all our global sites.

As we continue to grow, we are reviewing the investments we have made to ensure they provide us with the appropriate return on our equity. As a result we reviewed the internal structure of our UK leasing division, enabling it to now focus on its core business area of supplier and sales aid leasing.

As a result of our continued efforts to review and refine our services, a number of key product successes were experienced throughout 2008. Non-Recourse Factoring performed well with a three-fold increase in the number of clients signing up to this service, reflecting a sign of the challenging times in which we live yet also a reflection of the value this product adds. Our bespoke construction finance solution put in another strong performance with an increase of 28% in its uptake. This increase and success is a prime example of the Bibby Financial Services Group exploiting current climates to both grow and innovate within our marketplaces.

Our new business strategy continues to seek to deliver value to our clients and our product development programme has their best interests at heart. It is therefore not surprising that levels of client advocacy remain impressively high across our global regions, providing an important pipeline of new business into the Group with 78% of clients stating that they would definitely recommend us to another business.

In summary, 2008 has seen us expand, restructure areas of our business and adapt to a challenging financial climate. We continue to set aggressive growth targets and remain confident that we will deliver value to clients, employees and our shareholder alike.

Our programme for long-term growth will be delivered through persistent effort, sound investment and the dedication of our team whose energy and enthusiasm is so evident and which has been a huge contributory factor in our success.

We have a solid foundation in place with which to continue our ambitious growth plans and the Group is looking to 2009 and beyond with great anticipation as to what can still be achieved.

David Robertson *Chief Executive*

2008 Business Review & Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2008.

Business Review and Principal Activities

Bibby Financial Services Limited (the "Group") is a wholly owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's Financial Services division.

The Group's principal activities continue to be factoring, invoice discounting, trade finance and asset finance operating in Europe, North America and Asia-Pacific. There have not been any significant changes in the Group's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Group's activities during 2009.

The Bibby Financial Services GmbH Team in Dusseldorf, Germany.

Continuing its expansionary strategy, in 2008 the Group set up Bibby Financial Services GmbH in Germany, acquired the single invoice factoring business of Siemens Financial Services Limited and also acquired Arbuthnot Commercial Finance Limited. The Group is still seeking further investment opportunities in existing and new business areas with a view to continuing its policy of expansion.

As shown in the profit and loss account, the Group's turnover has increased by 24.7% from £92.9 million in 2007 to £115.8 million in 2008 and profit after tax has increased by 25.0% from £11.9 million to £14.9 million. The major factor resulting in the increase in profit after tax was the increase in turnover and resultant profitability in most of the sectors in which the Group operates.

The balance sheet within these financial statements shows that the Group's shareholders' funds at the year end and the significant movement from the previous financial year is mainly attributable to the profit of £11.0 million retained by the Group.

The Group manages its operations on a regional and divisional basis, although within that structure each operating company has a large degree of autonomy. For this reason, the Group's Directors believe that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the regions and the divisions of the Group are discussed in the Business Reviews and Directors' Reports of the companies making up those groupings.

Going Concern

The current uncertain economic conditions present increased risks for all businesses. In response to such conditions, the Directors have carefully considered these risks, including an assessment of any uncertainty on the viability of the Group's business model and the extent to which they might affect the preparation of the Financial Statements on a going concern basis.

Based on this assessment the Directors consider that the Group maintains an appropriate level of liquidity, sufficient to meet both the normal demands of the business and the requirements which might arise in stressed circumstances. It also maintains a borrowing facility to supplement liquidity, if required. In addition, the Group's assets are assessed for recoverability on a regular basis and provision is made where appropriate. The Directors consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

On this basis the Directors have a reasonable expectation that, despite uncertain market conditions, the Group has sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the Directors of the parent company have adopted the going concern basis in preparing financial statements.

Exceptional Foreign Exchange Loss

During the year, the Group concluded forward currency contracts. These resulted in a foreign exchange loss of £9.3 million (see note 5). The overall effect on the profit and loss account is nil due to the associated taxation effect of these transactions.

Principal risks and uncertainties

Competitive pressure in international markets is a continuing risk for the Group. To manage this risk, the Group strives to provide clients with a high standard of service and to develop new products to satisfy their needs.

The Group offers facilities to its clients in a number of different currencies in the countries in which it operates and is therefore exposed to currency movements on the facilities provided in non-domestic currencies. This exposure is mitigated by ensuring that assets and liabilities in the same currencies are matched.

The Group is financed by a collection of floating rate bank loans. However as the majority of the facilities the Group provides to its clients carry rates of discount or interest that are also floating, the Group's exposure to interest rate fluctuations is largely mitigated.

The Group's principal activities involve taking a credit risk in respect of its clients. This risk is primarily managed by taking adequate security and by a series of internal controls, both manual and systems-based.

As stated in note 5, the Group entered into foreign exchange contracts. These were entered into after significant review by the Directors of the effectiveness of the derivatives to reduce the Group's cost of borrowing.

The Group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and Remuneration committees exist within Bibby Line Group Limited, which cover the activities of the Group.

Environment

The Group recognises the importance of its environmental responsibilities and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Group's impact on the environment include recycling and reducing energy consumption.

Employees

It is the policy of the Group to ensure that all sections of the community have an equal opportunity in matters related to employment. The Group participates in a defined benefit scheme and a money purchase scheme operated by Bibby Line Group Limited. The Group also makes contributions to private money purchase schemes.

The Group is committed to the continuing development of effective employee communication and involvement, including regular publication of company magazines and e-newsletters. It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance.

The policy of the Group is to give full and fair considerations to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a Group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

Dividends

An interim dividend of £3,898,000 (6.2 pence per share) was paid during the year (2007 - £4,084,000; 6.5 pence per share).

Directors

The directors who served during the year were:
Sir Michael Bibby, Bt. – Chairman
David Albert Robertson – Chief Executive
Jonathan Haymer
Mark John Cleaver
Mark Timothy Hartigan
Edward John Rimmer
Gregory Wayne Charlwood
Stewart Brian Chesters - appointed 1 January 2008

Statement of Directors' Responsibilities

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 group and parent company 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 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;
- 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 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 a 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.

Subsequent events

There have been no material subsequent events since the balance sheet date requiring disclosure in these financial statements.

Auditors

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

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

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

KPMG LLP resigned as auditors on 21 October 2008. The Directors appointed Deloitte & Touche LLP to fill the casual vacancy.

On 1 December 2008 the Group's auditors subsequently changed their name from Deloitte & Touche LLP to Deloitte LLP.

Deloitte LLP have expressed their willingness to continue in office as auditors and a members' written resolution to reappoint them until the end of the next period for appointing auditors in accordance with the provisions of part 16 of the Companies Act 2006 will be proposed to the members by the Directors.

By order of the Board

Bibby Bros. & Co. (Management) Limited
27 March 2009

Independent Auditors' report to the Members of Bibby Financial Services Limited

We have audited the group and parent company financial statements (the "financial statements") of Bibby Financial Services Limited for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 28. 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 your if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants
and Registered Auditors
Liverpool, UK

27 March 2009

Group Profit and Loss Account
year ended 31 December 2008

	Note	2008 £000	2008 £000	2007 £000	2007 £000
Turnover	2		115,802		92,901
Operating Costs			(77,117)		(59,887)
Operating Profit			38,685		33,014
Interest Receivable	3		1,290		1,682
Interest Payable and Similar Charges					
Exceptional Foreign Exchange Loss	5	(9,267)		-	
Other Interest Payable and Similar Charges		(19,515)		(18,217)	
Total Interest Payable and Similar Charges	4		(28,782)		(18,217)
Profit on Ordinary Activities Before Exceptional Items and Before Taxation	2	*20,460*		*16,479*	
Profit on Ordinary Activities After Exceptional Items and Before Taxation	6		11,193		16,479
Taxation	7		3,722		(4,543)
Profit for the Financial Year			14,915		11,936

The Parent Company has not presented its own profit and loss account as permitted by Schedule 4, section 230, of the Companies Act 1985. The Parent Company made a profit for the financial year of £4,855,000 (2007 - £2,743,000).

Turnover and profit on ordinary activities all derive from continuing activities which are unchanged from the previous year.

Statement of Total Group Recognised Gains and Losses
year ended 31 December 2008

	Note	2008 £000	2007 £000
Profit for the Financial Year		14,915	11,936
Currency Translation Difference on Foreign Currency Net Investment	17	4,871	1,515
Total Recognised Gains and Losses Relating to the Year		19,786	13,451

The notes on pages 8 to 18 form part of these financial statements.

Balance Sheets
as at 31 December 2008

		Parent Company		Group	
		2008	2007	2008	2007
	Note	£000	£000	£000	£000
Fixed Assets:					
Intangible Assets	9	-	-	9,404	7,962
Tangible Assets	10	-	1	2,564	1,924
Investments	11	146,000	141,500	-	-
		146,000	141,501	11,968	9,886
Current Assets:					
Debtors	12	29,660	11,103	837,597	694,548
Cash at Bank and in Hand	13	4,436	-	13,886	9,691
		34,096	11,103	851,483	704,239
Creditors (Amounts Falling Due Within One Year)	14	(91,704)	(82,973)	(464,917)	(356,448)
Net Current (Liabilities)/Assets		(57,608)	(71,870)	386,566	347,791
Total Assets Less Current Liabilities		88,392	69,631	398,534	357,677
Creditors (Amounts Falling Due After More Than One year)	14	19,890	2,086	294,990	270,027
Capital and Other Reserves:					
Called-Up Share Capital	16	62,600	62,600	62,600	62,600
Profit and Loss Account	17	5,902	4,945	40,875	24,987
Equity Shareholder's Funds	2, 18	68,502	67,545	103,475	87,587
Minority interest		-	-	69	63
		88,392	69,631	398,534	357,677

Approved by the Board on 27 March 2009

D. A. ROBERTSON
Director

The notes on pages 8 to 18 form part of these financial statements.

Group Cash Flow Statement
year ended 31 December 2008

	Note	2008 £000	2008 £000	2007 £000	2007 £000
Net Cash Inflow/(Outflow) from Operating Activities	20		8,504		(18,226)
Returns on Investments and Servicing of Finance:					
Interest Received		912		1,682	
Interest Paid		(23,725)		(17,358)	
			(22,813)		(15,676)
Taxation:					
UK Tax Paid		(1,241)		(7,535)	
UK Tax Refunded		1,043		-	
Foreign Tax Paid		(1,289)		(524)	
			(1,487)		(8,059)
Capital Expenditure and Financial Investment:					
Purchase of Tangible Fixed Assets			(1,465)		(961)
Acquisitions and Disposals:					
Purchase of Subsidiary		(3,054)		(8,590)	
Deferred Consideration Paid		(100)		-	
Purchase of the Trade and Assets of Businesses		-		(3,767)	
			(3,154)		(12,357)
Equity Dividends Paid			(3,898)		(4,084)
Cash Outflow Before Financing			(24,313)		(59,363)
Financing:					
Issue of Shares		-		8,500	
New Loans		30,844		88,525	
Repayments of Amounts Borrowed		(3,379)		(34,318)	
			27,465		62,707
Increase in Cash	21, 22		3,152		3,344

The notes on pages 8 to 18 form part of these financial statements.

2. Segmented Analysis by Geographical Region

	2008 £000	2007 £000
Turnover		
United Kingdom	81,858	70,535
Rest of Europe	11,027	5,913
North America	14,994	11,204
Asia / Pacific	7,923	5,249
	115,802	92,901

	2008 £000	2007 £000
Profit on Ordinary Activities Before Exceptional Items and Before Taxation		
United Kingdom	18,702	15,151
Rest of Europe	400	633
North America	614	278
Asia / Pacific	744	417
	20,460	16,479

	2008 £000	2007 £000
Net assets		
United Kingdom	68,802	63,197
Rest of Europe	17,026	12,193
North America	10,226	5,887
Asia / Pacific	7,421	6,310
	103,475	87,587

Gross debts factored and transactions financed during the year were £4,508m (2007 - £3,777m).

3. Interest Receivable

	2008 £000	2007 £000
Bank Interest Receivable and Similar Income	1,290	1,682

4. Interest Payable and Similar Charges

	2008 £000	2007 £000
On Bank Loans and Overdrafts	19,515	18,217
Exceptional Foreign Exchange Loss	9,267	-
	28,782	18,217

5. Exceptional Foreign Exchange Loss

During the year, Bibby Financial Services Group terminated forward currency contracts that had been entered into to reduce the cost of borrowing to the Group. The foreign exchange loss of £9,267,000 is matched by a corresponding credit of £9,267,000 to the taxation charge and thus the overall effect on the profit and loss account is nil.

6. Profit on Ordinary Activities After Exceptional Items and Before Taxation

is stated after charging/(crediting) the following amounts:-

	2008 £000	2007 £000
Staff Costs:		
Wages and Salaries	28,721	23,871
Social Security Costs	2,237	2,004
Pension Costs	1,167	1,052
Depreciation	1,242	982
Interest Received Under a Currency Swap	(1,145)	(1,214)
Exceptional Exchange Revaluation Loss	9,267	1,393
Amortisation of Goodwill	1,489	1,714
Hire of Plant and Equipment	647	651
Rental of Property	2,396	1,878
Auditors' Remuneration for:		
Audit (Company £1,000; 2007 - £1,000)	224	289
Other Services	-	9

Auditors' Renumeration in 2007 relates solely to payments made to the Group's previous auditors, KPMG LLP.

Particulars of Employees

	2008	2007
The Average Number of Persons Employed During the Year was	834	762

7. Taxation

	2008 £000	2007 £000
UK Corporation Tax Payable	-	3,107
Foreign Tax Charge	694	1,486
Adjustment for Prior Year Taxes	(81)	(898)
Group Relief Receivable	(3,289)	-
Current Tax (Credit)/Charge for the Year	(2,676)	3,695
Deferred Tax (Credit)/Charge (See Note 15)		
Current Year Credit	(492)	(129)
Adjustment to Prior Years	(554)	881
Changes in the Rate of Tax	-	96
	(1,046)	848
	(3,722)	4,543

The current tax charge, excluding deferred tax, is lower (2007 - lower) than the anticipated charge. The anticipated charge is based on the average rate of tax (weighted in proportion to accounting profit) across the Group.

	2008 £000	2007 £000
Profit on Ordinary Activities Before Taxation	11,193	16,479
Current Tax at 28.5% (2007 - 30%)	3,190	4,944
Difference between Capital Allowances and Depreciation	652	(261)
Other Timing Differences	(6,804)	390
Expenses not Deductible for Tax Purposes	178	501
Exchange Differences not Taxable	59	(956)
Adjustment in Respect of Previous Periods	(81)	(898)
Effect of Foreign Rates of Tax	5	(29)
Non-utilisation of Foreign Subsidiaries' Tax Losses	125	4
Current Tax (Credit)/Charge for the Year	(2,676)	3,695

8. Dividend Paid

	2008 £000	2007 £000
On Ordinary £1 Shares:		
Interim dividend of 6.62p Per Share (2007 - 6.52p)	3,898	4,084

9. Intangible Assets

The company has no intangible assets. Details of those relating to the Group are as follows:

	£000
Goodwill	
Cost	
At 1 January 2008	13,361
Additions	2,572
Exchange Difference	563
At 31 December 2008	16,496
Accumulated Amortisation	
At 1 January 2008	5,399
Charge for the Year	1,489
Exchange Difference	204
At 31 December 2008	7,092
Net Book Amount at 31 December 2008	9,404
Net Book Amount at 31 December 2007	7,962

10. Tangible Assets

The company has no significant tangible assets. The net book value of office equipment is nil as at 31 December 2008 (£1,000 as at 31 December 2007). Details of those relating to the Group are as follows.

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost			
At 1 January 2008	530	6,456	6,986
Additions	111	1,354	1,465
On acquisition	-	106	106
Exchange Difference	-	770	770
Disposals	-	(95)	(95)
At 31 December 2008	641	8,591	9,232
Accumulated Depreciation			
At 1 January 2008	385	4,677	5,062
Charge for the Year	63	1,179	1,242
Exchange Difference	-	436	436
Disposals	-	(72)	(72)
At 31 December 2008	448	6,220	6,668
Net Book Amount at 31 December 2008	193	2,371	2,564
Net Book Amount at 31 December 2007	145	1,779	1,924

11. Investments

The investments of the Group are held by the Company and four sub-holding companies and are detailed below. All these investments relate to subsidiary undertakings and as such they are eliminated on consolidation.

	2008 £000	2007 £000
Investment in Subsidiary Undertakings	146,000	141,500
Ordinary Shares in Wholly Owned Group Undertakings:-		
Bibby Group of Factors Limited	61,850	61,850
Bibby Trade Services Limited	3,200	3,200
Bibby Asset Finance Limited	9,250	4,750
Bibby Management Services Limited	-	-
Bibby Finance 1 Limited	70,000	70,000
Bibby Finance 2 Limited	-	-
Factoring UK Group Limited	1,700	1,700
	146,000	141,500

11. Investments (continued)

Bibby Group of Factors Limited also holds the following investments:-
Bibby Debt Finance Limited
Bibby Factors Bedford Limited
Bibby Factors Borehamwood Limited
Bibby Factors Bristol Limited
Bibby Factors International Limited
Bibby Factors Leicester Limited
Bibby Factors Limited
Bibby Factors Manchester Limited
Bibby Factors Northeast Limited
Bibby Factors Northwest Limited
Bibby Factors Scotland Limited
Bibby Factors Slough Limited
Bibby Factors Sussex Limited
Bibby Factors Wessex Limited
Bibby Factors Yorkshire Limited
Bibby Trade Factors Limited
Global Management Services Limited
Bibby ACF Limited (formerly Arbuthnot Commercial Finance Limited)
Bibby Factoring Slovakia, a.s (operates in Slovak Republic - formerly Cash Reform Factoring, a.s.)
Bibby Financial Services Australia Pty Limited (operates in Australia)
Bibby Financial Services (India) Pvt Limited (operates in India)
Bibby Invoice Discounting Limited
Bibby Financial Services, a.s. (operates in Czech Republic - formerly Cash Reform, a.s.)
Bibby Financial Services GmbH (operates in Germany)
Bibby Financial Services Sp. z.oo. (operates in Poland - formerly Bibby Factors Polska Sp z.oo.)
Bibby Financial Services (Ireland) Limited (operates in the Republic of Ireland)
Bibby Financial Services (Holdings), Inc. (operates in the USA) which has the following investments:-
Bibby Financial Services (CA), Inc. (operates in the USA)
Bibby Financial Services (Southeast), Inc. (operates in the USA)
Bibby Financial Services (Midwest), Inc. (operates in the USA)
Bibby Financial Services (Southwest), Inc. (operates in the USA)
Bibby Purchase Order Finance, Inc. (operates in the USA)
Bibby Transportation Finance, Inc. (operates in the USA)
Bibby Financial Services (Canada) Inc. (operates in Canada)

Bibby Trade Services Limited holds the following investment:-
Bibby Connexions S.A.S. (operates in France)

Bibby Asset Finance Limited holds the following investment:-
Bibby Leasing Limited

Factoring UK Group Limited holds the following investments:-
Factoring UK Limited (formerly Factoring UK Consulting Limited)
Cashflow UK Limited (formerly Factoring UK Limited)

All the Group companies are registered in England and Wales, except for those which operate overseas which are registered in those countries and Bibby Factors Scotland Limited which is registered in Scotland. Bibby Group of Factors Limited and its subsidiaries operate as debt factors, Bibby Trade Services Limited, Bibby Connexions S.A.S. and Bibby Purchase Order Finance, Inc. as transactional financiers and Bibby Asset Finance Limited and its subsidiary as capital asset financiers.

All of the Company's subsidiaries' equity shares are wholly owned, with the exception of Bibby Financial Services (India) Pvt Limited which is 75% owned by the Company. The Company owns the entire issued preference share capital of the aforementioned company. Voting rights are in proportion to share ownership.

12. Debtors

	Parent Company		Group	
	2008	2007	2008	2007
	£000	£000	£000	£000
Net Investment in Finance Leases	-	-	43,503	41,239
Trade Debtors	-	-	769,844	638,423
Prepayments and Accrued Income	183	5	10,696	6,193
Other Debtors	1,479	1,478	1,980	2,411
Amount Owed by Ultimate Parent Undertaking	3,977	3,585	4,464	3,975
Amount Owed by Other Group Undertakings	24,021	6,035	3,414	-
Deferred Taxation (See Note 15)	-	-	3,696	2,307
	29,660	11,103	837,597	694,548

Net Investment in Finance Leases includes £6,443,000 (2007 - £6,579,000) due in respect of hire purchase contracts. An amount of £26,291,000 (2007 - £28,542,000) is included within Net Investment in Finance Leases which falls due after more than one year.

Included in other debtors is nil (2007 - £1,393,000) which relates to the revaluation of a Japanese yen versus sterling currency swap that was payable on 31 December 2008.

13. Cash at Bank and in Hand

In December 2002, the Company, together with a number of its UK subsidiary undertakings, became party to a composite accounting structure agreement with one of its bankers. This agreement treats all the sterling bank accounts included in the agreement as one account; as a result, positive and negative cash balances included in the agreement are shown net in the consolidated balance sheet.

14. Creditors

	Parent Company		Group	
	2008	2007	2008	2007
	£000	£000	£000	£000
Amounts Falling Due Within One Year				
Trade Creditors	18	-	369,514	300,729
Amount Owed to Ultimate Parent Undertaking	-	12,417	34	1
Bank Loans and Overdrafts	6,375	-	73,320	37,601
Amounts Owed to Other Group Undertakings	84,444	70,136	7	5,701
Accruals and Deferred Income	860	420	20,238	10,930
Other Taxation and Social Security	7	-	1,804	1,470
Corporation Tax	-	-	-	13
Government Grant	-	-	-	3
	91,704	82,973	464,917	356,448
Amounts Falling Due After More Than One Year				
Bank Loans and Overdrafts	19,890	2,086	294,690	269,627
Accruals and Deferred Income	-	-	300	400
	19,890	2,086	294,990	270,027

Bank loans and overdrafts are repayable as follows:

	Parent Company		Group	
	2008	2007	2008	2007
	£000	£000	£000	£000
Within One Year	6,375	-	73,320	37,601
Between One and Two Years	6,375	2,086	39,875	217,161
Between Two and Five Years	13,515	-	254,815	52,466
	26,265	2,086	368,010	307,228

14. Creditors (continued)

The bank loans and overdrafts of certain factoring facilities are secured by a fixed and floating charge over the assets of the Company and its subsidiary undertakings with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under client agreements. The interest charged on the Group's facilities is based on a variable rate above currency base rates or interbank rates.

15. Deferred Taxation Asset

	Parent Company £000	Group £000
As at 1 January 2008	-	2,307
Profit and Loss Account - Credit (See Note 7)	-	1,046
On acquisition	-	11
Exchange Difference	-	332
As at 31 December 2008	-	3,696

The amounts of deferred taxation recognised at rates between 19% and 38% (2007 - 19% and 38%) by the Group are as follows:

	2008 £000	2007 £000
Accelerated Depreciation	2,252	1,175
Other Timing Differences	1,444	1,132
	3,696	2,307

16. Called-Up Share Capital

	2008 £000	2007 £000
Allotted and Fully Paid: Ordinary £1 Shares	62,600	62,600
Authorised: Ordinary £1 Shares	100,000	100,000

17. Reserves

	Profit and Loss Account £000
Company:	
At 1 January 2008	4,945
Profit for the financial year	4,855
Dividend paid	(3,898)
At 31 December 2008	5,902

	Profit and Loss Account £000
Group:	
At 1 January 2008	24,987
Profit for the Financial Year	14,915
Dividend paid	(3,898)
Exchange Difference Arising on Consolidation	4,871
At 31 December 2008	40,875

18. Movement in Equity Shareholder's Funds

	Parent Company 2008 £000	Parent Company 2007 £000	Group 2008 £000	Group 2007 £000
Profit for the Year	4,855	2,743	14,915	11,936
Dividend paid	(3,898)	(4,084)	(3,898)	(4,084)
	957	(1,341)	11,017	7,852
Currency Translation Differences on Foreign Currency Net Investment	-	-	4,871	1,515
Share capital allotted	-	8,500	-	8,500
Net Addition to Equity Shareholder's Funds	957	7,159	15,888	17,867
Opening Equity Shareholder's Funds	67,545	60,386	87,587	69,720
Closing Equity Shareholder's Funds	68,502	67,545	103,475	87,587

19. Acquisitions

On 31 July 2008 the Group acquired the entire share capital of Arbuthnot Commercial Finance Limited, which operates as a factoring company in the United Kingdom. The provisional fair value and book value of the assets and liabilities acquired are set out below:-

	Book Value £000	Fair Value Adjustment £000	Provisional Fair Value £000
Fixed Assets	106	-	106
Debtors	26,340	(27)	26,313
Deferred Tax Asset	11	-	11
Loans	(10,457)	-	(10,457)
Creditors	(14,714)	-	(14,714)
	1,286	(27)	1,259
Goodwill			1,795
Satisfied by Cash			3,054

The fair value adjustment relates to adjustments for the alignment of accounting policies between Arbuthnot Commercial Finance Limited and the acquiring company.

For the year ended 31 December 2008, Arbuthnot Commercial Finance Limited made a profit after tax of £153,000, generated turnover of £2,676,000 and incurred operating costs of £1,955,000.

On 19 January 2009 Arbuthnot Commercial Finance Limited changed its name to Bibby ACF Limited.

In addition, the fair value of Bibby Financial Services a.s., which was acquired in January 2007, has been re-assessed and it has been determined that the provisional fair value attached to the company in 2007 overstated trade debtors and consequently net worth by £777,000. As a result the goodwill acquired with the business has increased from £5,134,000 to £5,911,000.

20. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2008 £000	2007 £000
Operating Profit	38,685	33,014
Depreciation	1,242	982
Amortisation of Goodwill	1,489	1,714
Amortisation of Government Grant	(3)	(3)
Loss on disposal of Fixed Assets	23	25
Increase in Debtors	(65,500)	(83,807)
Increase in Creditors	32,568	29,849
Net Cash Inflow/(Outflow) from Operating Activities	8,504	(18,226)

21. Reconciliation of Movement in Net Debt

	2008 £000	2007 £000
Increase in Cash in the Year	3,152	3,344
On Acquisition	(10,457)	(14,522)
Increase in Loans	(27,465)	(54,207)
Change in Net Debt from Cash Flows	(34,770)	(65,385)
Exchange Movements	(21,817)	(4,931)
Movement in Net Debt in the Year	(56,587)	(70,316)
Net Debt at 1 January	(297,537)	(227,221)
Net Debt at 31 December	(354,124)	(297,537)

22. Analysis of Net Debt

	1 January 2008 £000	Cash Flow £000	On Acquisition £000	Exchange Differences £000	31 December 2008 £000
Cash at Bank and in Hand	9,691	3,152	-	1,043	13,886
Debt Due Within 1 year	(37,601)	(26,936)	-	(8,783)	(73,320)
Debt Due After 1 year	(269,627)	(529)	(10,457)	(14,077)	(294,690)
	(307,228)	(27,465)	(10,457)	(22,860)	(368,010)
	(297,537)	(24,313)	(10,457)	(21,817)	(354,124)

23. Directors' Emoluments

	2008 £000	2007 £000
The total emoluments were:		
Emoluments	1,323	1,217
Pension Contributions	158	108
	1,481	1,325

The emoluments, excluding pension contributions, of the Chairman were £nil (2007 - £nil) and of the highest paid Director £493,000 (2007 - £396,000).

Included in emoluments for 2007 is £253,000 paid as compensation for loss of office.

Contributions of £39,000 (2007 - £22,000) were made in respect of two (2007 - two) of the Group's Directors to a defined benefit pension scheme. In addition, contributions of £119,000 (2007 - £76,000) were made in respect of two (2007 - one) of the Directors to a money purchase pension scheme. The pension contributions of the highest paid Director to a money purchase scheme for the year were £51,000 (2007 - £49,000).

24. Capital Commitments

As at 31 December 2008, the Group had no capital commitments (2007 - nil).

25. Contingent Liabilities

The contingent liabilities relate to Group companies providing client suppliers and government agencies with guarantees of payment or with a letter of credit issued on their behalf by UK banks.

	2008 £000	2007 £000
Group Guarantees	200	200
Unpresented Letters of Credit	766	1,277
	966	1,477

26. Pension Costs

The Group participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The Group is unable to identify its share of the underlying assets and liabilities of the scheme as a significant number of members who are deferred or pensioners within the Scheme relate to businesses that are no longer part of the Group. The contributions made by the Group over the financial year to this Scheme have been £347,000 (2007 - £360,000), equivalent to 18.1% (2007 - 18.1%) of pensionable pay.

Since 1 April 2000, the Group has participated in the Bibby Line Group Money Purchase Pension Plan (the "Plan"), which is a defined contribution scheme for new employees. The contributions made by the Group over the financial year to the Plan have been £289,000 (2007 - £231,000).

The Group has also made contributions of £51,000 (2007 - £121,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2007 - £nil).

FRS17 Disclosures

As noted above and under accounting policies (see note 1) the Group participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £7,931,000 (2007 - £6,366,000) is noted. Further information can be found in the financial statements of the ultimate parent company.

27. Operating Lease Commitments

	Parent Company		Group	
	2008 £000	2007 £000	2008 £000	2007 £000
Annual Commitments Under Operating Leases Which Expire:				
Within One Year				
Vehicles and Equipment	-	-	169	195
Land and Buildings	-	-	178	119
Within Two to Five Years				
Vehicles and Equipment	16	7	426	152
Land and Buildings	-	-	1,041	1,345
After more than Five Years				
Land and Buildings	-	-	94	94
	16	7	1,908	1,905

28. Parent Undertaking

The Company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent and controlling company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these financial statements and of which the Company is a member.

Copies of the parent undertaking's financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ.

Group website address: www.bibbygroup.co.uk

Space For Reader's Notes

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Bibby Financial Services Ltd

A global network of local companies

43 companies across 11 countries

UK: Edinburgh, Sunderland, Yorkshire, Leeds, Liverpool, Manchester, Leicester, Slough, Bristol, Hastings, Banbury*, Basingstoke, Eastbourne
Europe: Ireland - *Dublin*, France - *Lyon, Paris, Aix en Provence,* Poland - *Warsaw, Katowice, Poznan,* The Czech Republic - *Brno,* Slovakia - *Bratislava,* Germany - *Düsseldorf*
North America: Atlanta, Chicago, Dallas, Los Angeles, Nashville **Canada**: Toronto
Asia Pacific: India - *Gurgaon*, Australia - *Sydney, Brisbane, Melbourne*

*Bibby Factors International, Bibby Trade Services, Bibby Factors

Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceeding year.

Accounting Basis
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going Concern
These financial statements have been prepared on a going concern basis.

As set out in the Statement of Directors' Responsibilities, in preparing these financial statements the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors of the parent Company have considered in detail the Group's forecast performance, as well as its capital and liquidity resources. On this basis the Directors have a reasonable expectation that, despite challenging market conditions, the Group has sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the Directors of the company have adopt the going concern basis in preparing these financial statements.

Consolidation
The consolidated profit and loss account and balance sheet include the financial statements of Bibby Financial Services Limited and all its subsidiary undertakings. All subsidiary undertakings prepare their financial statements to 31 December 2008 and their results are included in the Group profit and loss account in full, except where a subsidiary undertaking has been acquired during the year in which case its results are included from the date of acquisition and accounted for by the acquisition method of accounting.

Income Recognition
Administration fees are recognised in the profit and loss account at the time the debts are factored and transactions financed. Other fees are normally recognised in the profit and loss account at the time the charge is made. However, where fees are charged in respect of non-performing debt, the proportion credited to the profit and loss account is limited to the amount by which total recoveries exceeds the advance outstanding. Income is recognised on leasing and hire purchase agreements on an actuarial before tax basis.

Debtors and Creditors
Trade debtors represent the debts assigned under factoring agreements, net of the bad debt provision. The full value of the assigned debt is recognised on the balance sheet as it represents rights or other access to future economic benefits. The corresponding trade creditor recognised represents the difference between the assigned debt and cash advanced to clients net of appropriate factoring fees.

Bad Debts
Debts are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. A further provision is made for losses not specifically identified, based on past experience, knowledge of the Group's exposure and other relevant factors. The charge for the year for bad debts is included in operating costs.

Fixed Assets
Fixed assets are included at cost less accumulated depreciation.

Depreciation is provided to write-off the assets over their useful life on a straight line basis as follows:-

Office Equipment	-	Three to five years
Leasehold Improvements	-	The lower of ten years or the remaining life of the lease

Current Taxation
Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred Taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Operating Leases
Operating lease rentals are charged to the profit and loss account as incurred.

Leasing Assets
Assets leased to customers which transfer substantially all the risks and rewards of ownership to the customer are classified as finance leases and are recorded within debtors. The net investment in finance leases represents total minimum payments less gross earnings allocated to future periods.

Pension Costs
Bibby Financial Services Limited and certain of its UK subsidiaries are members of the Bibby Line Group Limited Pension Scheme but are unable to identify their share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis therefore, as required by FRS 17 'Retirement Benefits', Bibby Financial Services Limited continues to account for the scheme as if it were defined contribution scheme.

Payments to defined contribution schemes are charged as incurred, in the profit and loss account.

Foreign Currencies
A number of subsidiary undertakings prepare their financial statements in foreign currencies. The net assets of these companies are converted into sterling at the rate of exchange ruling at the balance sheet date and the resulting net differences are taken directly to reserves. All other exchange rate differences are taken to the profit and loss account as they arise.

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired, and is eliminated by amortisation through the profit and loss account over its useful economic life. The directors consider each acquisition individually and amortise the goodwill accordingly. Amortisation periods currently vary between 4 and 10 years.

Related Party Transactions
Under Financial Reporting Standard 8, the Group is exempt from disclosing related party transactions with group companies as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Investments
Investments held as fixed assets are held on the balance sheet of the Company at cost, less any impairment provision.