


DRL Holdings Limited
Directors' report and consolidated financial statements
for the Period from 1 March 2007 to 31 March 2008

Registration number : 05525751

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DRL Holdings Limited

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DRL Holdings Limited

Officers and Advisers

Chairmen	Phillip Cort	(Resigned 6 August 2008)
	Richard Rose	(appointed 1 August 2008)
Directors	Stephen Caunce	
	Phillip Cort	(Resigned 6 August 2008)
	Robert Durston	(Resigned 23 October 2007)
	William Holroyd	
	Christopher Hopkinson	
	Kevin Philbin	
	John Roberts	
	Norman Stoller OBE CStJ DL	
	Richard Rose	(appointed 1 August 2008)
Secretary	Stephen Caunce	
Registered office	Aspinall House Aspinall Close Middlebrook Bolton BL6 6QQ	
Bankers	The Royal Bank of Scotland Spinningfields 3 Hardman Boulevard Manchester M3 3AQ	
Auditors	Gortons Chartered Accountants and Registered Auditors Stanmore House 64-68 Blackburn Street Radcliffe Manchester M26 2JS	

DRL Holdings Limited

Directors' Report for the Period Ended 31 March 2008

The directors present their report and the audited consolidated financial statements for the period ended 31 March 2008.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial period and of the profit or loss of the company and group for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and 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 a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure the 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 company and group and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the group is the supply of kitchen appliances through the internet.

Business review

Acquisitions

On 20 March 2007 DRL Holdings Limited acquired control of DRL Limited (a company controlled by the directors of DRL Holdings Limited) through the issue of shares to acquire the remaining share capital. A previous acquisition of 9,500 ordinary shares had been made for cash.

Development and performance of the DRL business

DRL Limited continued its growth in 2008 and is now established as a major retailer of white goods via the internet.

The growth and profitability of the main trading subsidiary were in line with the expectations of the Board and are summarised below.

	Year ended 31 March 2008	Year ended 31 March 2007	Year ended 31 March 2006	18 months ended 31 March 2005	Year ended 30 September 2003
Turnover of DRL Limited	£80,778,999	£52,679,503	£24,044,777	£15,284,295	£2,862,943
Turnover growth	53%	119%	57%	434%	(3)%
Gross profit margin	12%	12%	14%	5%	20%
Profit before tax of DRL Limited	£502,600	£260,471	(£2,445,608)	(£4,435,676)	£79,550

Share issue

In March 2007 the company issued shares for cash and other assets with a total value of £750,000.

DRL Holdings Limited

Directors' Report for the Period Ended 31 March 2008

Principal achievements in the year were:

- An increase in turnover from £52.8m to £80.8m
- The continued strengthening of the management team
- A successful change in distribution partner
- Continual development of systems and processes to provide further efficiencies and a robust platform for continued profitable growth
- The introduction of new retail partners including Marks and Spencer, Debenhams, House of Fraser and Screwfix

The business also faced and managed its way through some challenges in the year, principally:

- Market conditions became much tougher in the latter part of the year
- Price increases were implemented by manufacturers due to foreign exchange issues and the rising price of raw materials
- The change in distribution partner is a costly exercise and consumes a significant amount of management time

All the above had a detrimental effect on the performance of the business. However, DRL Limited has a largely variable cost base and this allows it to manage these issues.

Position of the business

At the end of the first year of ownership by DRL Holdings Limited, net current liabilities of DRL Limited had fallen £537,410 to £2,345,364 and cash at bank had increased £746,406 to £2,195,592.

Financial risk

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Post balance sheet events

No events have occurred since the year end which require reporting or disclosing in the financial statements.

Results and dividend

The results for the group are set out in the financial statements.

The directors do not recommend the payment of a dividend.

Employment policies

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the company by means of regular meetings, newsletters and journals.

Charitable donations

During the period the group made charitable donations of £10,728. These donations were principally to local charities such as the Bolton Lads and Girls Club as part of the group's commitment to its local community.

DRL Holdings Limited
Directors' Report for the Period Ended 31 March 2008

Directors

The directors who held office during the period were as follows:

- Stephen Caunce
- Phillip Cort (Resigned 6 August 2008)
- Robert Durston (Resigned 23 October 2007)
- William Holroyd
- Christopher Hopkinson
- Kevin Philbin
- John Roberts
- Norman Stoller OBE CStJ DL

The following director was appointed after the period end:

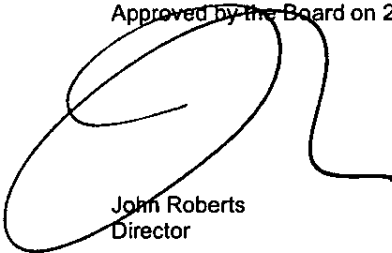
Richard Rose (appointed 1 August 2008)

The company has taken out insurance for the directors against public liability claims.

Auditors

The auditors, Gortons, are proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Approved by the Board on 22 January 2009 and signed on its behalf by:

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

John Roberts
Director

Independent Auditors' Report to the Members of DRL Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of DRL Holdings Limited for the period ended 31 March 2008 set out on pages 6 to 23. These financial statements have been prepared in accordance with the accounting policies set out therein. Comparative figures have not been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 group 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 group and other members of the group 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 an 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 group'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 March 2008 and of the group's loss for the period 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.



Gortons
Chartered Accountants and Registered Auditors

Manchester

22 January 2009

DRL Holdings Limited

Consolidated Profit and Loss Account for the Period Ended 31 March 2008

	Note	1 March 2007 to 31 March 2008 £
Turnover	2	80,778,999
Cost of sales		<u>(71,247,465)</u>
Gross profit		9,531,534
Administrative expenses		(9,072,997)
Amortisation of goodwill		<u>(606,454)</u>
Operating loss	3	(147,917)
Other interest receivable and similar income		45,175
Interest payable	6	<u>(2,404)</u>
Loss on ordinary activities before taxation		<u>(105,146)</u>
Loss for the financial period	18	<u><u>(105,146)</u></u>

The company and group did not trade in the prior year.

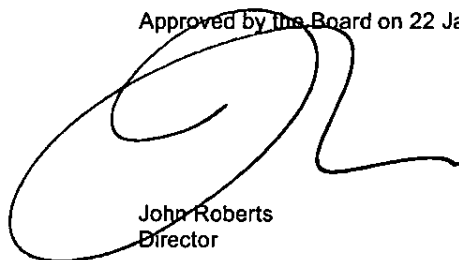
Turnover and operating loss derive wholly from acquisitions.

The group has no recognised gains or losses for the period other than the results above.

DRL Holdings Limited
Consolidated Balance Sheet as at 31 March 2008

		31 March 2008	
	Note	£	£
Fixed assets			
Intangible assets	8		11,522,625
Tangible assets	9		<u>589,807</u>
			12,112,432
Current assets			
Stocks	12	667,083	
Debtors	13	3,091,634	
Cash at bank and in hand		<u>2,195,592</u>	
		5,954,309	
Creditors: Amounts falling due within one year	14	<u>(8,286,402)</u>	
Net current liabilities			<u>(2,332,093)</u>
Total assets less current liabilities			9,780,339
Creditors: Amounts falling due after more than one year	15		<u>(4,497,934)</u>
Net assets			<u><u>5,282,405</u></u>
Capital and reserves			
Called up share capital	17		29,947
Merger reserve	18		5,357,604
Profit and loss reserve	18		<u>(105,146)</u>
Equity shareholders' funds	19		<u><u>5,282,405</u></u>

Approved by the Board on 22 January 2009 and signed on its behalf by:



John Roberts
 Director

DRL Holdings Limited
Balance Sheet as at 31 March 2008

		31 March 2008	
	Note	£	£
Fixed assets			
Investments	10		9,905,168
Current assets			
Debtors	13	13,271	
Creditors: Amounts falling due within one year	14	<u>(42,180)</u>	
Net current liabilities			<u>(28,909)</u>
Total assets less current liabilities			9,876,259
Creditors: Amounts falling due after more than one year	15		<u>(4,490,000)</u>
Net assets			<u><u>5,386,259</u></u>
Capital and reserves			
Called up share capital	17		29,947
Merger reserve	18		5,357,604
Profit and loss reserve	18		<u>(1,292)</u>
Equity shareholders' funds	19		<u><u>5,386,259</u></u>

In the prior period the company's balance sheet showed only negligible cash and share capital. The results and position for that period were not audited.

Approved by the Board on 22 January 2009 and signed on its behalf by:



John Roberts
Director

DRL Holdings Limited

Consolidated Cash Flow Statement for the Period Ended 31 March 2008

1 March 2007 to
31 March 2008

	Note	£
Net cash flow from operating activities	22	992,835
Returns on investment and servicing of finance	23	44,063
Purchase of tangible fixed assets		(247,361)
Acquisitions and disposals		
Acquisition of subsidiary undertaking		(200,640)
Net cash acquired with subsidiary		<u>1,449,186</u>
		<u>1,248,546</u>
Cash inflow before management of liquid resources and financing		2,038,083
Financing		
Issue of equity shares		(27,617)
Issue of non equity shares		199,348
Capital element of hire purchase payments		<u>(14,222)</u>
		<u>157,509</u>
Net cash flow		<u><u>2,195,592</u></u>

The notes on pages 10 to 23 form an integral part of these financial statements.

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2008.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. Its loss for the financial period was £1,292.

Turnover

The turnover shown in the profit and loss account represents the value of goods delivered to the customers during the year, net of value added tax.

Where the company acts as a sales agent for other businesses, the expected value of future remuneration is recognised when all services in relation to a contract have been completed.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Property improvements	10 years
Fixtures and fittings and equipment	Between 3 and 8 years
Motor vehicles	5 years

The carrying values of tangible fixed assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, estimated to be 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

Deferred taxation

Deferred tax is provided in full on timing differences at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

Pensions

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Shares and capital instruments

Shares and capital instruments issued are valued at the date of issue at the market value of the consideration received. Any premium on redemption of non-equity capital instruments is recognised over the earliest period under which that premium may be due under the terms of the instrument.

2 Turnover

All the group's turnover arose in the UK from the supply of kitchen appliances.

3 Operating loss

Operating loss is stated after charging:

	1 March 2007 to 31 March 2008
	£
Hire of other assets - operating leases	205,700
Auditors' remuneration - audit services	19,900
Auditors' remuneration - non audit services	-
Company	
Group	12,296
Depreciation of owned assets	327,615
Depreciation of assets held under finance leases and hire purchase contracts	5,937
Amortisation	<u>606,454</u>

4 Particulars of employees

In the period the group employed an average of 263 staff, of whom 8 were directors or senior management and the other 255 were sales or administrative staff.

The aggregate payroll costs of these persons were as follows:

	1 March 2007 to 31 March 2008
	£
Wages and salaries	4,237,658
Social security	410,720
Other pension costs	107,404
	<u>4,755,782</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

5 Directors' emoluments

The directors' emoluments for the period are as follows:

	1 March 2007 to 31 March 2008
	£
Directors' remuneration (including benefits in kind)	431,337
Director pension contributions	51,560
	<u>482,897</u>

The aggregate number of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £128,188. Company pension contributions of £13,750 were made to a money purchase scheme on their behalf.

During the period the number of directors who were accruing benefits under company pension schemes was as follows:

	1 March 2007 to 31 March 2008
	No.
Money purchase	<u>2</u>

6 Interest payable

	1 March 2007 to 31 March 2008
	£
Premium accrued in period on expected redemption of preference shares	1,292
Hire purchase interest	1,112
	<u>2,404</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

7 Taxation

Analysis of current period tax credit

**1 March 2007 to
31 March 2008
£**

Total tax on loss on ordinary activities

-

On the acquisition of DRL Limited a deferred tax asset of £565,000 was recognised, representing tax losses of £2,018,000. Total unutilised tax losses acquired with DRL Limited were £5,999,000, with the proportion recognised on acquisition and to date being that expected to be realised within the foreseeable future.

Factors affecting current period tax credit

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30.00% .

The differences are reconciled below:

**1 March 2007 to
31 March 2008
£**

Loss on ordinary activities before taxation

(105,146)

Standard rate corporation tax credit

(31,544)

Accelerated capital allowances

43,253

Losses utilised in the year

(194,977)

Goodwill amortisation not deductible for tax purposes

181,936

Other expenses not deductible for tax purposes

1,332

Total current tax for the period

-

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

8 Intangible fixed assets

Group

	Goodwill £
Cost	
Additions	<u>12,129,079</u>
Amortisation	
Charge for the period	<u>606,454</u>
Net book value	
As at 31 March 2008	<u><u>11,522,625</u></u>

9 Tangible fixed assets

Group

	Property alterations £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost					
On acquisition	12,740	83,198	29,686	1,221,708	1,347,332
Additions	<u>8,476</u>	<u>4,854</u>	<u>-</u>	<u>234,031</u>	<u>247,361</u>
As at 31 March 2008	<u>21,216</u>	<u>88,052</u>	<u>29,686</u>	<u>1,455,739</u>	<u>1,594,693</u>
Depreciation					
On acquisition	5,733	37,454	495	627,652	671,334
Charge for the period	<u>1,698</u>	<u>7,128</u>	<u>5,937</u>	<u>318,789</u>	<u>333,552</u>
As at 31 March 2008	<u>7,431</u>	<u>44,582</u>	<u>6,432</u>	<u>946,441</u>	<u>1,004,886</u>
Net book value					
As at 31 March 2008	<u>13,785</u>	<u>43,470</u>	<u>23,254</u>	<u>509,298</u>	<u>589,807</u>

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £23,254 in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £5,937.

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

10 Investments held as fixed assets

Company

	31 March 2008 £
Shares in group undertakings	9,355,808
Loans to group undertakings	549,360
	<u>9,905,168</u>

Additional information is as follows:

	Shares in group undertakings £
Cost	
Additions	<u>9,355,808</u>
Net book value	
As at 31 March 2008	<u>9,355,808</u>
	Loans to group undertakings £
Additions	<u>549,360</u>
As at 31 March 2008	<u>549,360</u>

The sole investment of and subsidiary of the Company is DRL Limited. The Company owns 100% of the issued share capital of DRL Limited, which is included in the consolidated accounts. The principal activity of DRL Limited in the supply of kitchen appliances through the internet.

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

11 Acquisitions

During the period the Company acquired 100% of the issued share capital of DRL Limited in a series of transactions which completed on 20 March 2007. This has been accounted for under the acquisition method of accounting.

	Book and fair value
Fixed assets	
Tangible	675,998
Current assets	
Stocks	563,889
Debtors	1,264,678
Cash	1,449,186
Total assets	<u>3,953,751</u>
Creditors	<u>(6,727,022)</u>
Total liabilities	<u>(6,727,022)</u>
Net liabilities	<u>(2,773,271)</u>
Goodwill (see note 8)	12,129,079
Purchase consideration	<u>9,355,808</u>
Shares allotted	9,155,168
Cash	200,640
	<u>9,355,808</u>

In addition to the cash paid on acquisition legal and professional costs of £42,180 were incurred and charged to the merger reserve account.

The shares issued for the acquisition of DRL Limited comprised 1,870,000 preference shares of £1 each, valued at £2 each, and 256,400 ordinary shares of 1p each of each of the classes A, B, C, D, E and F. The difference of £5,399,616 between the par value of the ordinary shares issued (£15,384) and the value of the shares in DRL Limited purchased with ordinary shares (£5,415,000) has been transferred to the merger reserve.

The turnover of DRL Limited for the year ended 31 March 2007 was £52,679,502, the operating profit was £636,723, the profit before taxation was £260,471, taxation was £440,000 and the profit after taxation was £700,471 (2006 loss £2,320,608)

12 Stocks and work in progress

	Group	Company
	31 March 2008	31 March 2008
	£	£
Stocks	<u>667,083</u>	<u>-</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

13 Debtors

	Group	Company
	31 March 2008	31 March 2008
	£	£
Trade debtors	701,566	-
Other debtors	1,335,310	13,271
Deferred tax	565,000	-
Prepayments and accrued income	489,758	-
	<u>3,091,634</u>	<u>13,271</u>

Other debtors include £165,302 receivable after more than one year and the deferred tax balance of £565,000, all of which relates to unutilised trading losses, will not be realised within one year.

14 Creditors: Amounts falling due within one year

	Group	Company
	31 March 2008	31 March 2008
	£	£
Obligations under finance leases and hire purchase contracts	7,899	-
Trade creditors	4,289,137	-
Amounts owed to group undertakings	-	42,180
Social security and other taxes	419,516	-
Accruals and deferred income	3,569,850	-
	<u>8,286,402</u>	<u>42,180</u>

Deferred income for goods paid for but not yet delivered is secured on cash deposits of £1,300,000. Obligations under finance leases and hire purchase agreements are secured on the fixed assets to which they relate.

15 Creditors: Amounts falling due after more than one year

	Group	Company
	31 March 2008	31 March 2008
	£	£
Preference shares	4,490,000	4,490,000
Obligations under finance leases and hire purchase contracts	7,934	-
	<u>4,497,934</u>	<u>4,490,000</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

16 Maturation of borrowings

Group

Amounts repayable:

	Preference Shares £	Obligations under finance leases and HP contracts £	Total £
As at 31 March 2008			
In one year or less on demand	-	7,899	7,899
Between one and two years	-	7,934	7,934
Between two and five years	4,490,000	-	4,490,000
	<u>4,490,000</u>	<u>15,833</u>	<u>4,505,833</u>

Company

Amounts repayable:

	Preference Shares £
As at 31 March 2008	
Between two and five years	4,490,000
	<u>4,490,000</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

17 Share capital

31 March 2008
£

Authorised

Equity

277,936 A Ordinary shares of 1 pence each	2,779
307,443 B Ordinary shares of 1 pence each	3,074
323,782 C Ordinary shares of 1 pence each	3,238
359,211 D Ordinary shares of 1 pence each	3,592
386,466 E Ordinary shares of 1 pence each	3,865
1,339,842 F Ordinary shares of 1 pence each	13,399
	<u>29,947</u>

Non-equity

2,245,000 Preference shares of £1 each	<u>2,245,000</u>
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Allotted, called up and fully paid

Equity

277,936 A Ordinary shares of 1 pence each	2,779
307,443 B Ordinary shares of 1 pence each	3,074
323,782 C Ordinary shares of 1 pence each	3,238
359,211 D Ordinary shares of 1 pence each	3,592
386,466 E Ordinary shares of 1 pence each	3,865
1,339,842 F Ordinary shares of 1 pence each	13,399
	<u>29,947</u>

Non-equity

2,245,000 Preference shares of £1 each	<u>2,245,000</u>
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The 'A' ordinary shares of 1 pence each carry 1 vote in general meeting. No other shares have voting rights.

The preference shares have a right to redemption at a price of £2 per share on the sale of the company or an equivalent event, including winding up, ranking ahead of all ordinary shares.

The ordinary shares of all classes have no rights to redemption.

The preference shares have no rights to dividends.

The ordinary shares of all classes have no fixed rights to dividends.

The ordinary shares carry rights to assets on a winding up or on a sale of the company which vary as the total proceeds vary. The first tranche of proceeds, being the first £10 million attributable to ordinary shareholders, are due to the holders of A ordinary shares, with subsequent tranches due to the holders of other classes of ordinary shares in sequence.

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

18 Reserves

Group

	Merger reserve £	Profit and loss reserve £	Total £
Balance at 1 March 2007	-	-	-
Premium on issue of shares	5,399,784	-	5,399,784
Other reserves movement	(42,180)	-	(42,180)
Transfer from profit and loss account for the period	-	(105,146)	(105,146)
Balance at 31 March 2008	<u>5,357,604</u>	<u>(105,146)</u>	<u>5,252,458</u>

Company

	Merger reserve £	Profit and loss reserve £	Total £
Balance at 1 March 2007	-	-	-
Premium on issue of shares	5,399,784	-	5,399,784
Other reserves movement	(42,180)	-	(42,180)
Transfer from profit and loss account for the period	-	(1,292)	(1,292)
Balance at 31 March 2008	<u>5,357,604</u>	<u>(1,292)</u>	<u>5,356,312</u>

19 Reconciliation of movements in shareholders' funds

	Group 31 March 2008 £	Company 31 March 2008 £
Loss attributable to members of the group / company	(105,146)	(1,292)
New share capital subscribed	5,387,551	5,387,551
Net addition to shareholders' funds	<u>5,282,405</u>	<u>5,386,259</u>
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>5,282,405</u>	<u>5,386,259</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

20 Operating lease commitments

Group

As at 31 March 2008 the group had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Land and Buildings
	31 March 2008
	£
Over five years	<u>205,700</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

21 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £107,404.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

22 Reconciliation of operating loss to operating cash flows

	1 March 2007 to 31 March 2008 £
Operating loss	(147,917)
Depreciation, amortisation and impairment charges	940,006
Increase in stocks	(103,194)
Increase in debtors	(1,826,956)
Increase in creditors	2,130,896
Net cash inflow from operating activities	<u>992,835</u>

23 Analysis of cash flows

	1 March 2007 to 31 March 2008 £
Returns on investment and servicing of finance	
HP interest paid	(1,112)
Interest received	45,175
	<u>44,063</u>

24 Analysis of net debt

	Cash flow £	Acquisition (excluding cash and overdrafts) £	Other non-cash changes £	At end of period £
Cash at bank and in hand	2,195,592	-	-	2,195,592
Debt due after one year	(199,348)	-	(4,289,640)	(4,488,988)
Finance leases	14,222	(30,055)	-	(15,833)
Change in debt	(185,126)	(30,055)	(4,289,640)	(4,504,821)
Net debt	<u>2,010,466</u>	<u>(30,055)</u>	<u>(4,289,640)</u>	<u>(2,309,229)</u>

DRL Holdings Limited

Notes to the Financial Statements for the Period Ended 31 March 2008

25 Related parties

Controlling entity

DRL Holdings is controlled by its directors acting together.

Directors' loan accounts

The following balances owed by the directors were outstanding at the period end:

	Maximum Balance £	31 March 2008 £
J Roberts	3,758	3,758
N Stoller	1,949	1,949
W Holroyd	1,939	1,939
P Cort	1,723	1,723
S Caunce	1,613	1,613
C Hopkinson	660	660
K Philbin	129	129
	<u>11,771</u>	<u>11,771</u>

No interest is charged in respect of these balances.

26 Litigation

DRL Limited is in dispute with a former supplier and has instituted legal proceedings to recover amounts due under the contractual trading arrangements between the parties. The directors do not expect the result of this litigation to give rise to any losses to the company.