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**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008
FOR
ACTIVAIR LIMITED**

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for the Year Ended 31 May 2008**

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ACTIVAIR LIMITED

COMPANY INFORMATION
for the Year Ended 31 May 2008

DIRECTORS:

M J Evans
M Fountain
H Irigoyen
S McWilliams

REGISTERED OFFICE:

Unit 1
Action Court
Ashford Road
Ashford
Middlesex
TW15 1XS

REGISTERED NUMBER:

2341632 (England and Wales)

AUDITORS:

Oury Clark Chartered Accountants
Registered Auditors
58 Herschel Street
Slough
Berkshire
SL1 1PG

ACTIVAIR LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 May 2008

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2008.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of a holding company and that of the group is international airfreight, sea-freight and road-freight forwarders.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

During the year Activair LTD became part of OHL International division, a company based in Tennessee in USA. With the Activair subsidiaries being part of an expanded international network, this should further enable Activair to provide global logistics solutions to our customers

The results for the year and financial position of the company are as shown in the annexed financial statements.

During the year the performance of the company has remained strong. For the group, turnover increased by £7.02million to £53.82million for the period ending 31 May 2008, resulting in EBITDA increased of 158% from £1.74million to £4.74 million.

Direct costs increased proportionally with turnover during the year, resulting in Activair maintaining the gross profit % at 32.5%. With continued controls in the company's overheads, the resultant profit before tax came in at £4.77 million.

The company continues to provide services in air, sea and road at the forefront of the freight forwarding industry. Continued investment throughout the year has ensured that the company can deliver quality services to our customers.

The business continues to deliver a reasonable performance in what is a competitive market place. However, by continuing to focus on its strengths - superior service to our customers, it is anticipated that growth will continue for the foreseeable future.

The company monitors its performance through the use of Key Performance Indicators (KPI's). A number of Key Performance Indicators are employed - GP%, NP%, turnover/yield ratio together with volume throughput. Monthly management accounts are utilised to monitor these (KPI's) and these are reviewed in comparison to prior year periods and budgets. Any adverse trends are identified at an early stage and investigated.

The directors of the company continually monitor the risks that pose the greatest threat to the company. These risks include:

Sales risk (analysis of market trends and key regions of growth throughout the world)

Staff risk (the risk to the business of recruiting and retaining the right staff)

Competition risk (the risk of competitors entering or eroding the market place)

The directors have not identified any uncertainties that might effect the operations of the business in the future.

DIVIDENDS

No interim dividends were paid during the year ended 31 May 2008.

The directors recommend final dividends per share as follows:

Ordinary £1 shares	£70.05
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The total distribution of dividends for the year ended 31 May 2008 will be £3,503,687.

FIXED ASSETS

Movements in fixed assets are disclosed in note 11 to the financial statements.

DIRECTORS

M J Evans has held office during the whole of the period from 1 June 2007 to the date of this report.

ACTIVAIR LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 May 2008

DIRECTORS - continued

Other changes in directors holding office are as follows:

H M Evans - resigned 4 April 2008
C Thompson - resigned 4 April 2008
S Lai - resigned 4 April 2008
M Fountain - appointed 8 April 2008
H Irigoyen - appointed 8 April 2008
S McWilliams - appointed 8 April 2008

SUPPLIER PAYMENT POLICY

Terms and conditions of payments to all suppliers are agreed on an individual basis. During the year ended 31 May 2008 the trade creditors payment period was on average 27 days (2007 - 51 days).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

Oury Clark Chartered Accountants and Registered Auditors, will retire as auditor of the Company at the forthcoming annual general meeting.

A resolution to appoint Ernst and Young LLP as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD:



H Irigoyen - Director

11 February 2009

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ACTIVAIR LIMITED**

We have audited the financial statements of Activaair Limited for the year ended 31 May 2008 on pages five to twenty five. 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 Report of the Directors is consistent with the financial statements.

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

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

Basis of audit opinion

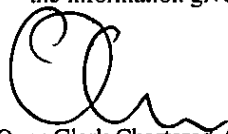
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

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 affairs of the company and the group as at 31 May 2008 and of the profit of the group 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 Report of the Directors is consistent with the financial statements.



Oury Clark Chartered Accountants
Registered Auditors
58 Herschel Street
Slough
Berkshire
SL1 1PG

11 February 2009

ACTIVAIR LIMITED
**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 2008**

	Notes	31.5.08 £	£	31.5.07 £	£
TURNOVER	2		53,823,297		46,805,477
Continuing operations		36,477,666		46,805,477	
Discontinued operations		<u>17,345,631</u>		<u>-</u>	
 Cost of sales	3		<u>36,458,490</u>		<u>32,067,378</u>
GROSS PROFIT	3		17,364,807		14,738,099
Net operating expenses	3		<u>12,623,405</u>		<u>12,999,927</u>
OPERATING PROFIT	5		4,741,402		1,738,172
Continuing operations		3,836,733		1,738,172	
Discontinued operations		<u>904,669</u>		<u>-</u>	
 Interest receivable and similar income			<u>71,240</u>		<u>18,001</u>
			4,812,642		1,756,173
Interest payable and similar charges	6		<u>39,601</u>		<u>46,989</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			4,773,041		1,709,184
Tax on profit on ordinary activities	7		<u>866,239</u>		<u>470,090</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			3,906,802		1,239,094
Minority interest - equity			<u>1,603</u>		<u>2,523</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP			<u>3,905,199</u>		<u>1,236,571</u>

The notes form part of these financial statements

ACTIVAIR LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 May 2008

	31.5.08 £	31.5.07 £
PROFIT FOR THE FINANCIAL YEAR	3,905,199	1,236,571
Exchange profit/(loss) on restatement of consolidation	<u>66,991</u>	<u>(59,768)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>3,972,190</u></u>	<u><u>1,176,803</u></u>

The notes form part of these financial statements

ACTIVAIR LIMITED
CONSOLIDATED BALANCE SHEET
31 May 2008

	Notes	31.5.08 £	£	31.5.07 £	£
FIXED ASSETS					
Intangible assets	10		162,159		-
Tangible assets	11		956,807		984,387
Investments	12		-		36,996
			<u>1,118,966</u>		<u>1,021,383</u>
CURRENT ASSETS					
Stocks	13	81,068		-	
Debtors	14	5,511,702		6,654,389	
Cash at bank and in hand		<u>3,787,041</u>		<u>2,674,545</u>	
		9,379,811		9,328,934	
CREDITORS					
Amounts falling due within one year	15	<u>5,879,338</u>		<u>6,186,018</u>	
NET CURRENT ASSETS			<u>3,500,473</u>		<u>3,142,916</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,619,439		4,164,299
CREDITORS					
Amounts falling due after more than one year	16		(95,727)		(77,892)
MINORITY INTERESTS	20		-		(31,198)
NET ASSETS			<u>4,523,712</u>		<u>4,055,209</u>
CAPITAL AND RESERVES					
Called up share capital	21		50,000		50,000
Profit and loss account	22		<u>4,473,712</u>		<u>4,005,209</u>
SHAREHOLDERS' FUNDS	27		<u>4,523,712</u>		<u>4,055,209</u>

The financial statements were approved by the Board of Directors on 11 February 2009 and were signed on its behalf by:



H Irigoyen - Director



S McWilliams - Director

The notes form part of these financial statements

ACTIVAIR LIMITED
COMPANY BALANCE SHEET
31 May 2008

	Notes	31.5.08 £	£	31.5.07 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		380,701		145,305
Investments	12		<u>350,872</u>		<u>156,029</u>
			731,573		301,334
CURRENT ASSETS					
Debtors	14	123,372		1,012,989	
Cash at bank		<u>1,413,330</u>		<u>651,521</u>	
		1,536,702		1,664,510	
CREDITORS					
Amounts falling due within one year	15	<u>754,120</u>		<u>785,850</u>	
NET CURRENT ASSETS					
			<u>782,582</u>		<u>878,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>1,514,155</u>		<u>1,179,994</u>
CAPITAL AND RESERVES					
Called up share capital	21		50,000		50,000
Profit and loss account	22		<u>1,464,155</u>		<u>1,129,994</u>
SHAREHOLDERS' FUNDS					
	27		<u>1,514,155</u>		<u>1,179,994</u>

The financial statements were approved by the Board of Directors on 11 February 2009 and were signed on its behalf by:



H Irigoyen - Director



S McWilliams - Director

The notes form part of these financial statements

ACTIVAIR LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 May 2008

	Notes	31.5.08 £	£	31.5.07 £	£
Net cash inflow from operating activities	1		4,750,780		2,739,074
Returns on investments and servicing of finance	2		31,639		(28,988)
Taxation			(987,767)		(442,822)
Capital expenditure and financial investment	2		1,462,066		(354,835)
Equity dividends paid			<u>(3,503,687)</u>		<u>-</u>
			1,753,031		1,912,429
Financing	2		<u>(100,020)</u>		<u>(27,140)</u>
Increase in cash in the period			<u>1,653,011</u>		<u>1,885,289</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		1,653,011		1,885,289	
Cash outflow from decrease in debt and lease financing		<u>100,020</u>		<u>27,140</u>	
Change in net funds resulting from cash flows			1,753,031		1,912,429
Disposal of subsidiary undertakings			<u>(536,001)</u>		<u>-</u>
Movement in net funds in the period			1,217,030		1,912,429
Net funds at 1 June			<u>2,558,968</u>		<u>646,539</u>
Net funds at 31 May			<u>3,775,998</u>		<u>2,558,968</u>

The notes form part of these financial statements

ACTIVAIR LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 May 2008**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Year ended 31 May 2008

	Continuing £	Discontinued £	Total £
Operating profit	3,836,733	904,669	4,741,402
Depreciation charges	249,270	58,898	308,168
Profit on disposal of fixed assets	(2,032,625)	-	(2,032,625)
Exchange rate movement on consolidation	47,882	(1,882)	46,000
Increase in stocks	(83,082)	(6)	(83,088)
Decrease in debtors	1,828,368	(774,206)	1,054,162
Increase in creditors	<u>648,677</u>	<u>68,084</u>	<u>716,761</u>
Net cash inflow from continuing operating activities	4,495,223		
Net cash inflow from discontinued operating activities		<u>255,557</u>	
Net cash inflow from operating activities			<u><u>4,750,780</u></u>

Year ended 31 May 2007

	Continuing £	Discontinued £	Total £
Operating profit	1,738,172	-	1,738,172
Depreciation charges	294,591	-	294,591
Profit on disposal of fixed assets	(12,058)	-	(12,058)
Increase in minority interest	(1,719)	-	(1,719)
Exchange rate movement on consolidation	(51,080)	-	(51,080)
Decrease in debtors	756,017	-	756,017
Increase in creditors	<u>15,151</u>	<u>-</u>	<u>15,151</u>
Net cash inflow from continuing operating activities	2,739,074		
Net cash inflow from discontinued operating activities		<u>-</u>	
Net cash inflow from operating activities			<u><u>2,739,074</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.5.08 £	31.5.07 £
Returns on investments and servicing of finance		
Interest received	71,240	18,001
Interest paid	(25,148)	(35,590)
Interest element of finance lease payments	<u>(14,453)</u>	<u>(11,399)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u><u>31,639</u></u>	<u><u>(28,988)</u></u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(194,960)	-
Purchase of tangible fixed assets	(455,603)	(375,620)
Sale of tangible fixed assets	46,728	20,785
Sale of fixed asset investments	<u>2,065,901</u>	<u>-</u>
Net cash inflow/(outflow) for capital expenditure and financial investment	<u><u>1,462,066</u></u>	<u><u>(354,835)</u></u>

The notes form part of these financial statements

ACTIVAIR LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 May 2008**

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	31.5.08 £	31.5.07 £
Financing		
Capital repayments in year	<u>(100,020)</u>	<u>(27,140)</u>
Net cash outflow from financing	<u><u>(100,020)</u></u>	<u><u>(27,140)</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.6.07 £	Cash flow £	Disposal of subsidiary undertaking £	At 31.5.08 £
Net cash:				
Cash at bank and in hand	2,674,545	1,648,497	(536,001)	3,787,041
Bank overdraft	<u>(4,514)</u>	<u>4,514</u>	<u>-</u>	<u>-</u>
	<u>2,670,031</u>	<u>1,653,011</u>	<u>(536,001)</u>	<u>3,787,041</u>
 Debt:				
Finance leases	<u>(111,063)</u>	<u>100,020</u>	<u>-</u>	<u>(11,043)</u>
	<u>(111,063)</u>	<u>100,020</u>	<u>-</u>	<u>(11,043)</u>
 Total	<u>2,558,968</u>	<u>1,753,031</u>	<u>(536,001)</u>	<u>3,775,998</u>

The notes form part of these financial statements

ACTIVAIR LIMITED**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 May 2008****4. DISPOSAL OF BUSINESS**

Net assets disposed of in Activair New York Inc.	£
Fixed assets	95,482
Stocks	-
Debtors	1,441,636
Cash	380,399
Creditors	<u>(1,042,532)</u>
	874,985
Profit on disposal	<u>1,226,823</u>
Sale Proceeds	<u>2,101,808</u>

Net assets disposed of in Activair Indianapolis Inc.	£
Fixed assets	57,619
Stocks	2,020
Debtors	983,395
Cash	155,602
Creditors	<u>(598,738)</u>
	599,898
Profit on disposal	<u>802,281</u>
Sale Proceeds	<u>1,402,179</u>

The businesses sold during the year contributed £60,018 to the groups net operating cash flows, paid £6,319 in respect of net returns on investments and servicing of finance, paid £135,824 in respect of taxation and utilised £43,320 for capital expenditure.

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 May 2008

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and those of its subsidiaries, all of which are made up to 31 May 2008 (Note 12 refers).

Turnover

Turnover represents net invoiced sales of services to third parties, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of the final 6% of Activair (Hong Kong) Limited in 2008, is being amortised evenly over its estimated useful life of twenty years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- over remaining term of lease
Plant and machinery	- 20% on cost
Motor vehicles	- 20% - 25% on cost
Furniture & equipment	- 15% - 33% on cost

The carrying values of the tangible fixed assets are reviewed for impairments in periods if events or changes in circumstances indicate that the carrying values may not be recoverable.

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Financial Reporting Standard 19 "Deferred tax" requires deferred tax to be provided on all material timing differences, arising from the different treatment for accounts and tax purposes of transactions and events recognised in the financial statements of the current and previous year. Deferred taxation is calculated at the rates at which it is estimated that the tax will arise.

Deferred taxation is not provided in respect of timing differences arising from the revaluation of fixed assets unless it is likely that the gain will not be rolled over.

Foreign currencies

In the individual company accounts assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Differences arising on translation and on conversion of ordinary foreign currency transactions during the year are dealt with as part of the profit on ordinary activities.

On consolidation the balance sheet of the foreign subsidiaries are converted at the rate of exchange ruling at the balance sheet date. Amounts in the profit and loss account of the foreign subsidiaries are translated at the closing rate for the accounting period. The difference on exchange arising from the re-translation of the opening net investment in a subsidiary company and from the translation of the results of that company at the closing rate are taken to reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

1. ACCOUNTING POLICIES - continued**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Fixed asset investments

The carrying values of the fixed asset investments are reviewed for impairments in periods if events or changes in circumstances indicate that the carrying values may not be recoverable.

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company and group.

The directors have not complied with either Statement of Standard Accounting Practice 25 or Companies Act 1985 (Schedule 4 paragraph 55) as regards the disclosure of segmental information. The group carries on three classes of business, being that of airfreight, sea-freight and road-freight forwarding. Geographically the group can be divided into four major sectors; the United Kingdom, North America, Far East and Oceania. The nature of the trade of the group is such that the separation of turnover, profit and net assets by geographical area would be difficult, time consuming and expensive and provide little additional information to users of the financial statements.

In addition the directors are of the opinion that divulgence of the geographical split of the group's operations to competitors could be prejudicial to the group.

3. ANALYSIS OF OPERATIONS

	Continuing	31.5.08 Discontinued	Total
	£	£	£
Cost of sales	<u>23,297,094</u>	<u>13,161,396</u>	<u>36,458,490</u>
Gross profit	<u>13,180,572</u>	<u>4,184,235</u>	<u>17,364,807</u>
Net operating expenses:			
Administrative expenses	9,418,297	3,279,566	12,697,863
Other operating income	<u>(74,458)</u>	<u>-</u>	<u>(74,458)</u>
	<u>9,343,839</u>	<u>3,279,566</u>	<u>12,623,405</u>

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

3. ANALYSIS OF OPERATIONS - continued

	Continuing £	31.5.07 Discontinued £	Total £
Cost of sales	<u>32,067,378</u>	<u>-</u>	<u>32,067,378</u>
Gross profit	<u>14,738,099</u>	<u>-</u>	<u>14,738,099</u>
Net operating expenses:			
Administrative expenses	<u>12,999,927</u>	<u>-</u>	<u>12,999,927</u>

4. STAFF COSTS

	31.5.08 £	31.5.07 £
Wages and salaries	9,209,431	7,137,324
Social security costs	131,499	482,071
Other pension costs	<u>161,248</u>	<u>144,927</u>
	<u>9,502,178</u>	<u>7,764,322</u>

The average monthly number of employees during the year was as follows:

	31.5.08	31.5.07
Sales and administration	<u>291</u>	<u>261</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.5.08 £	31.5.07 £
Hire of plant and machinery	223,049	269,900
Other operating leases	147,854	699,605
Depreciation - owned assets	260,706	258,547
Depreciation - assets on finance leases	47,462	36,044
Profit on disposal of fixed assets	(2,032,625)	(12,058)
Auditors' remuneration	24,423	25,000
Foreign exchange differences	<u>(140,918)</u>	<u>6,909</u>
Directors' emoluments	948,601	1,318,775
Directors' pension contributions to money purchase schemes	<u>2,233</u>	<u>2,520</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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In addition to the Auditors' remuneration disclosed above, £33,129 (2007 - £17,383) was charged for non-audit services.

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

5. OPERATING PROFIT - continued

Information regarding the highest paid director is as follows:

	31.5.08	31.5.07
	£	£
Emoluments etc	<u>189,382</u>	<u>454,735</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.5.08	31.5.07
	£	£
Interest payable on short term borrowings	25,148	35,590
Hire purchase	<u>14,453</u>	<u>11,399</u>
	<u>39,601</u>	<u>46,989</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.5.08	31.5.07
	£	£
Current tax:		
UK corporation tax	439,386	353,306
Under provision of UK tax	(9,301)	10,507
Relief for overseas taxation	-	(57,494)
Foreign corporation tax	<u>436,154</u>	<u>163,771</u>
Tax on profit on ordinary activities	<u>866,239</u>	<u>470,090</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.5.08	31.5.07
	£	£
Profit on ordinary activities before tax	<u>4,773,041</u>	<u>1,709,184</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	1,431,912	512,755
Effects of:		
Capital allowances in excess of depreciation	(22,126)	3,567
Income disallowed	(612,630)	(5,236)
Expenses disallowed	22,048	24,828
Other adjustments to tax charge	(31,335)	(7,166)
Tax exemption	(7,401)	(7,445)
Consolidation adjustments due to different tax rates	95,072	(16,692)
Tax (over)/underprovision from previous year	<u>(9,301)</u>	<u>(34,521)</u>
Current tax charge	<u>866,239</u>	<u>470,090</u>

The foreign corporation tax relates wholly to profits incurred in the year.

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £3,837,848 (2007 - £445,946).

9. DIVIDENDS

	31.5.08 £	31.5.07 £
Ordinary shares of £1 each		
Final	<u>3,503,687</u>	<u>-</u>

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
Additions	<u>162,159</u>
At 31 May 2008	<u>162,159</u>
NET BOOK VALUE	
At 31 May 2008	<u>162,159</u>

The goodwill addition relates to the purchase of the 6% minority interest of the share capital of Activair (Hong Kong) Limited. Consideration of £194,960 was paid for the acquisition of assets and liabilities with a net value of £32,801.

11. TANGIBLE FIXED ASSETS

Group	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 June 2007	261,596	539,597	1,199,260	289,787	2,290,240
Additions	36,284	258,426	113,535	47,358	455,603
Disposals	(73,131)	(73,531)	(260,583)	(203,516)	(610,761)
Exchange differences	<u>3,578</u>	<u>10,872</u>	<u>28,719</u>	<u>1,728</u>	<u>44,897</u>
At 31 May 2008	<u>228,327</u>	<u>735,364</u>	<u>1,080,931</u>	<u>135,357</u>	<u>2,179,979</u>
DEPRECIATION					
At 1 June 2007	88,518	266,537	753,698	197,098	1,305,851
Charge for year	29,385	50,163	188,562	40,058	308,168
Eliminated on disposal	(27,034)	(57,451)	(171,178)	(159,091)	(414,754)
Exchange differences	<u>480</u>	<u>5,253</u>	<u>16,933</u>	<u>1,241</u>	<u>23,907</u>
At 31 May 2008	<u>91,349</u>	<u>264,502</u>	<u>788,015</u>	<u>79,306</u>	<u>1,223,172</u>
NET BOOK VALUE					
At 31 May 2008	<u>136,978</u>	<u>470,862</u>	<u>292,916</u>	<u>56,051</u>	<u>956,807</u>
At 31 May 2007	<u>173,078</u>	<u>273,060</u>	<u>445,562</u>	<u>92,689</u>	<u>984,389</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

11. TANGIBLE FIXED ASSETS - continued**Group**

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 June 2007	35,513	43,377	97,042	175,932
Additions	-	24,313	32,398	56,711
Disposals	-	-	(27,550)	(27,550)
Exchange differences	-	-	(77)	(77)
Transfer to ownership	<u>(35,513)</u>	<u>(67,690)</u>	<u>(101,813)</u>	<u>(205,016)</u>
At 31 May 2008	-	-	-	-
DEPRECIATION				
At 1 June 2007	9,957	16,566	43,592	70,115
Charge for year	11,758	12,322	23,382	47,462
Eliminated on disposal	-	-	(17,053)	(17,053)
Exchange differences	-	-	(47)	(47)
Transfer to ownership	<u>(21,715)</u>	<u>(28,888)</u>	<u>(49,874)</u>	<u>(100,477)</u>
At 31 May 2008	-	-	-	-
NET BOOK VALUE				
At 31 May 2008	-	-	-	-
At 31 May 2007	<u>25,556</u>	<u>26,811</u>	<u>53,450</u>	<u>105,817</u>

Company

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 June 2007	145,305	-	145,305
Additions	235,396	13,252	248,648
Disposals	-	(13,252)	(13,252)
At 31 May 2008	<u>380,701</u>	-	<u>380,701</u>
NET BOOK VALUE			
At 31 May 2008	<u>380,701</u>	-	<u>380,701</u>
At 31 May 2007	<u>145,305</u>	-	<u>145,305</u>

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

12. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 June 2007	36,997
Disposals	<u>(36,997)</u>
At 31 May 2008	-
NET BOOK VALUE	
At 31 May 2008	-
At 31 May 2007	<u>36,997</u>

Company

	Unlisted investments £
COST	
At 1 June 2007	156,030
Additions	194,960
Disposals	<u>(118)</u>
At 31 May 2008	<u>350,872</u>
NET BOOK VALUE	
At 31 May 2008	<u>350,872</u>
At 31 May 2007	<u>156,030</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Activair (UK) Ltd

Country of incorporation: England & Wales
Nature of business: Freight forwarding

Class of shares:	%
Ordinary	holding 100.00

Activair (Singapore) Pte Ltd

Country of incorporation: Singapore
Nature of business: Freight forwarding

Class of shares:	%
Ordinary	holding 100.00

Activair (Hong Kong) Ltd

Country of incorporation: Hong Kong
Nature of business: Freight forwarding

Class of shares:	%
Ordinary	holding 100.00

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 May 2008

12. FIXED ASSET INVESTMENTS - continued

Activair (New Zealand) Ltd

Country of incorporation: New Zealand

Nature of business: Freight forwarding

	%
Class of shares:	holding
Ordinary	100.00

Activair Australia Pte Ltd

Country of incorporation: Australia

Nature of business: Freight forwarding

	%
Class of shares:	holding
Ordinary	100.00

Activair Travel Limited

Country of incorporation: England and Wales

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Activroad Limited

Country of incorporation: England & Wales

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Activsea Limited

Country of incorporation: England and Wales

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Activair Sea Logistics (Pty) Ltd

Country of incorporation: South Africa

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

On 4 January 2008 the the remaining 6% shareholding of Activair (Hong Kong) Limited was purchased by Activair Limited. The consideration paid was £194,960.

On 31 May 2008, Activair (New York) Inc and Activair (Indianapolis) Inc were disposed of by Activair Limited to OH Logistics International Holdings Inc. OH Logistics International Holdings Inc is the ultimate parent company of Activair Limited. The profit on disposal of Activair (New York) Inc was £1,226,825. Similarly, the profit on disposal of Activair (Indianapolis) Inc was £802,281.

Included within these consolidated accounts are the results of these two undertakings for the year ended 31 May 2008. Activair (New York) Inc made a Net Profit of £435,608 in the year ended 31 May 2008 and Activair (Indianapolis) Inc made a Net Profit of £462,743.

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

13. STOCKS

	Group	
	31.5.08	31.5.07
	£	£
Work-in-progress	<u>81,068</u>	<u>-</u>

14. DEBTORS

	Group		Company	
	31.5.08	31.5.07	31.5.08	31.5.07
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,222,571	6,212,688	-	279
Amounts owed by group undertakings	-	-	117,799	947,144
Other debtors	126,885	198,575	5,573	65,566
Deferred tax asset	47,204	19,245	-	-
Prepayments and accrued income	<u>90,922</u>	<u>223,881</u>	<u>-</u>	<u>-</u>
	<u>5,487,582</u>	<u>6,654,389</u>	<u>123,372</u>	<u>1,012,989</u>
Amounts falling due after more than one year:				
Other debtors	<u>24,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>5,511,702</u>	<u>6,654,389</u>	<u>123,372</u>	<u>1,012,989</u>

Deferred tax asset

	Group		Company	
	31.5.08	31.5.07	31.5.08	31.5.07
	£	£	£	£
Deferred tax	<u>47,204</u>	<u>19,245</u>	<u>-</u>	<u>-</u>

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.5.08	31.5.07	31.5.08	31.5.07
	£	£	£	£
Bank loans and overdrafts (see note 17)	-	4,514	-	-
Finance leases (see note 18)	3,547	57,237	-	-
Trade creditors	3,432,884	3,852,375	60,048	28,620
Amounts owed to group undertakings	99,062	-	363	8
Social security and other taxes	563,637	515,876	110,288	22,914
Accrued expenses and other creditors	<u>1,780,208</u>	<u>1,756,016</u>	<u>583,421</u>	<u>734,308</u>
	<u>5,879,338</u>	<u>6,186,018</u>	<u>754,120</u>	<u>785,850</u>

The amounts owed to group undertakings relate to the following

	£
Barthco International Inc	1,984
Activair Indianapolis Inc	37,218
Activair New York Inc	<u>59,860</u>
	<u>99,062</u>

Barthco International Inc. is a fellow group company of OH Logistics International Holdings Inc. OH Logistics International Holdings Inc is the ultimate parent company of Activair Limited.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31.5.08	31.5.07
	£	£
Finance leases (see note 18)	7,496	53,826
Other creditors	<u>88,231</u>	<u>24,066</u>
	<u>95,727</u>	<u>77,892</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group	
	31.5.08	31.5.07
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>4,514</u>

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2008

18. OBLIGATIONS UNDER LEASING AGREEMENTS

Group

	31.5.08 £	Finance leases 31.5.07 £
Net obligations repayable:		
Within one year	3,547	57,237
Between one and five years	<u>7,496</u>	<u>53,826</u>
	<u>11,043</u>	<u>111,063</u>

The company had no commitments under operating lease agreements. The following payments are committed to be paid by the group:

Group

	Land and buildings		Other operating leases	
	31.5.08 £	31.5.07 £	31.5.08 £	31.5.07 £
Expiring:				
Within one year	40,798	13,676	117,330	128,496
Between one and five years	<u>573,374</u>	<u>558,080</u>	<u>152,664</u>	<u>70,340</u>
	<u>614,172</u>	<u>571,756</u>	<u>269,994</u>	<u>198,836</u>

19. DEFERRED TAX

Group

	£
Balance at 1 June 2007	(19,245)
Deferred tax charge in the year	<u>(27,959)</u>
Balance at 31 May 2008	<u>(47,204)</u>

20. MINORITY INTERESTS

Minority interest related to the 6% shareholding of Activair (Hong Kong) Limited. This was purchased on 4th January 2008 by Activair Limited.

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 May 2008

21. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	31.5.08 £	31.5.07 £
100,000	Ordinary	£1	100,000	100,000
11,500	Preference Shares	£1	<u>11,500</u>	<u>11,500</u>
			<u>111,500</u>	<u>111,500</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	31.5.08 £	31.5.07 £
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

22. RESERVES

Group

	Profit and loss account £
At 1 June 2007	4,005,209
Profit for the year	3,905,199
Dividends	(3,503,687)
Exchange differences	<u>66,991</u>
At 31 May 2008	<u>4,473,712</u>

Company

	Profit and loss account £
At 1 June 2007	1,129,994
Profit for the year	3,837,848
Dividends	<u>(3,503,687)</u>
At 31 May 2008	<u>1,464,155</u>

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £33,000 (2007 - £30,750).

ACTIVAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 May 2008

24. ULTIMATE PARENT COMPANY

Prior to 4 April 2008, the ultimate controlling party was H M Evans by virtue of his majority shareholding of the equity capital of the Company.

From 4 April 2008, the immediate parent company is OH Logistics International (UK) Holdings Limited, which is incorporated in England and Wales. The immediate parent company of OH Logistics International (UK) Holdings Limited is OH Logistics International Holdings III BV, which is incorporated in The Netherlands. The ultimate parent company is OH Logistics International Holdings Inc, a company incorporated in U.S.A.

25. CAPITAL COMMITMENTS

	31.5.08 £	31.5.07 £
Contracted but not provided for in the financial statements	-	105,246

26. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 not to disclose transactions between itself and other companies within its group on the grounds that those companies and transactions are included within the consolidated financial statements presented by the company.

27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	31.5.08 £	31.5.07 £
Profit for the financial year	3,905,199	1,236,571
Dividends	(3,503,687)	-
	401,512	1,236,571
Other recognised gains and losses relating to the year (net)	66,991	(59,768)
Net addition to shareholders' funds	468,503	1,176,803
Opening shareholders' funds	4,055,209	2,878,406
Closing shareholders' funds	4,523,712	4,055,209
Company	31.5.08 £	31.5.07 £
Profit for the financial year	3,837,848	445,946
Dividends	(3,503,687)	-
Net addition to shareholders' funds	334,161	445,946
Opening shareholders' funds	1,179,994	734,048
Closing shareholders' funds	1,514,155	1,179,994

28. GROUP ACCOUNTS

Copies of the group accounts are available from the registered office as shown on page 1 of these financial statements.