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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2005
FOR
ACTIVAIR PLC
02341632**



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for the Year Ended 31 May 2005**

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COMPANY INFORMATION
for the Year Ended 31 May 2005

DIRECTORS:

H M Evans
C Thompson
M J Evans

SECRETARY:

H M Evans

REGISTERED OFFICE:

Unit 1
Action Court
Ashford Road
Ashford
Middlesex
TW15 1XS

REGISTERED NUMBER:

02341632

AUDITORS:

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

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2005**

The directors present their report with the financial statements of the group for the year ended 31 May 2005.

PRINCIPAL ACTIVITY

The principal activity of the company 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, financial position of the company and group and recommended transfer to reserves are as shown in the annexed financial statements.

The group made a profit in the financial year and the directors are confident that the group will continue to be profitable in the next financial year.

DIVIDENDS

The directors recommend that no dividend be paid for the year and that the profit of £501,228 (2004 - £542,341) be transferred to consolidated reserves.

FIXED ASSETS

Movements in fixed assets are disclosed in note 8 to the financial statements.

DIRECTORS

The directors during the year under review were:

H M Evans
C Thompson
M J Evans (Appointed 19 August 2004)

The beneficial interests of the directors holding office on 31 May 2005 in the issued ordinary share capital of the company were as follows:

	31.05.05	01.06.04
Ordinary £1 shares		
H M Evans	25,500	25,500
C Thompson	12,000	12,000
M J Evans	1,000	1,000

The beneficial interests of the directors holding office on 31 May 2004 in the issued non-participating redeemable preference share capital of the company were as follows:

	31.05.05	01.06.04
Non-participating redeemable £1 preference shares		
H M Evans	5,000	-
C Thompson	5,000	-
M J Evans	-	-

PURCHASE OF OWN SHARES

On the 6 April 2005 the company acquired 10,000 £1 ordinary shares, with an aggregate nominal value of £10,000, for a total consideration of £800,000. The shares were purchased from a retiring shareholder, and for the purposes of protecting the commercial interests of the company and its group. This purchase represented the acquisition of 16.7% of the company's share capital then in issue.

EVENTS SINCE THE YEAR END

On the 23 August 2005 the company acquired 1,500 £1 ordinary shares, with an aggregate nominal value of £1,500, for a total consideration of £120,000. The shares were purchased from a retiring shareholder, and for the purposes of protecting the commercial interests of the company and its group. This purchase represented the acquisition of 3% of the company's share capital then in issue.

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2004**

SUPPLIER PAYMENT POLICY

Terms and conditions of payments to all suppliers are agreed on an individual basis. During the year ended 31 May 2005 the trade creditors payment period was on average 50 days (2004 – 46 days).

POTENTIAL IMPACT OF THE EURO

The potential impact of the changeover to the euro on the financial statements of the group is not considered to be material.

EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance of the group.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue. It is the policy of the group that training, career development and promotion opportunities should be made available to all employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

AUDITORS

Oury Clark Chartered Accountants and Registered Auditors, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



H M Evans - Secretary

Dated: 24 October 2005.

ACTIVAIR PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ACTIVAIR PLC

We have audited the financial statements of Activair Plc for the year ended 31 May 2005 on pages five to nineteen. These financial statements have been prepared under the historical cost convention and 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

As described on pages two and three, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

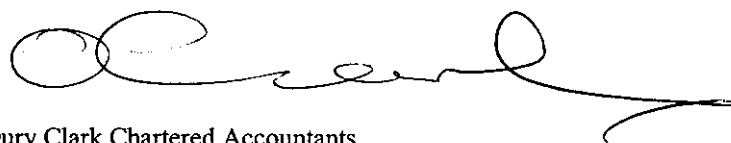
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and group's affairs as at 31 May 2005 and of the company and the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.




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

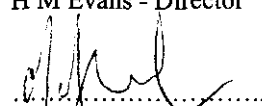
Dated: 24 October 2005

ACTIVAIR PLC
COMPANY BALANCE SHEET
as at 31 May 2005

		<u>31.5.05</u>		<u>31.5.04</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Investments	9		156,021		156,021
CURRENT ASSETS:					
Debtors	10	1,137,333		754,566	
Cash at bank and in hand		<u>-</u>		<u>301,302</u>	
				1,055,868	
CREDITORS: Amounts falling due within one year	11	<u>1,080,696</u>		<u>244,635</u>	
NET CURRENT ASSETS:			<u>56,637</u>		<u>811,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£212,658</u>		<u>£967,254</u>
CAPITAL AND RESERVES:					
Called up share capital	16		50,000		50,000
Profit and loss account	17		152,658		917,254
Capital redemption reserve			<u>10,000</u>		
SHAREHOLDERS' FUNDS:	20		<u>£212,658</u>		<u>£967,254</u>
Analysis of shareholders' funds:					
Equity shareholders' funds			202,658		967,254
Non-equity shareholders' funds			<u>10,000</u>		<u>-</u>
SHAREHOLDERS' FUNDS:			<u>£212,658</u>		<u>£967,254</u>

ON BEHALF OF THE BOARD:


 H M Evans - Director



 M J Evans - Director

Approved by the Board on 24 October 2005.

ACTIVAIR PLC
**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 2005**

		<u>31.5.05</u>	<u>31.5.04</u>
	Notes	£	£
TURNOVER	2	40,439,966	33,401,859
Cost of sales		<u>28,504,128</u>	<u>23,603,714</u>
GROSS PROFIT		11,935,838	9,798,145
Distribution expenses		377,684	507,884
Administrative expenses		<u>10,724,774</u>	<u>8,456,764</u>
OPERATING PROFIT	4	833,380	833,497
Other income	5	<u>2,965</u>	<u>1,764</u>
		836,345	835,261
Interest payable and similar charges	6	<u>81,144</u>	<u>103,910</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		755,201	713,351
Taxation on profit on ordinary activities	7	<u>249,619</u>	<u>184,504</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		505,582	546,847
Minority interest		<u>4,354</u>	<u>4,506</u>
PROFIT FOR THE YEAR		<u><u>£501,228</u></u>	<u><u>£542,341</u></u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current or previous years.

TOTAL RECOGNISED GAINS AND LOSSES


	<u>31.5.05</u>	<u>31.5.04</u>
	£	£
Profit for the financial year	501,228	542,341
Exchange profit/(loss) on restatement of consolidation	<u>3,035</u>	<u>(11,042)</u>
	<u><u>£504,263</u></u>	<u><u>£531,299</u></u>

ACTIVAIR PLC

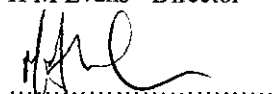
CONSOLIDATED BALANCE SHEET
as at 31 May 2005

		31.5.05		31.5.04	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		667,125		621,859
CURRENT ASSETS:					
Debtors	10	6,602,158		5,689,844	
Cash at bank and in hand		<u>1,137,774</u>		<u>1,093,148</u>	
		7,739,932		6,782,992	
CREDITORS: Amounts falling due within one year	11	<u>6,036,577</u>		<u>4,643,952</u>	
NET CURRENT ASSETS:			<u>1,703,355</u>		<u>2,139,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,370,480		2,760,899
CREDITORS: Amounts falling due after more than one year	12		40,930		101,222
PROVISION FOR LIABILITIES AND CHARGES	13		7,279		-
			<u>£2,322,271</u>		<u>£2,659,677</u>
CAPITAL AND RESERVES:					
Called up share capital	16		50,000		50,000
Profit and loss account	17		2,234,204		2,585,964
Capital redemption reserve	18		<u>10,000</u>		-
SHAREHOLDERS' FUNDS	20		2,294,204		2,635,964
MINORITY INTEREST			<u>28,067</u>		<u>23,713</u>
			<u>£2,322,271</u>		<u>£2,659,677</u>
Analysis of shareholders' funds:					
Equity shareholders' funds			2,284,204		2,635,964
Non-equity shareholders' funds			<u>10,000</u>		-
SHAREHOLDERS' FUNDS			<u>£2,294,204</u>		<u>£2,635,964</u>

ON BEHALF OF THE BOARD:



H M Evans - Director



M J Evans - Director

Approved by the Board on 24 October 2005.

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 May 2005

		31.5.05		31.5.04	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,025,899		76,029
Returns on investments and servicing of finance					
Interest received		2,965		1,764	
Interest paid		<u>(81,144)</u>		<u>(103,910)</u>	
			(78,179)		(102,146)
Taxation					
Corporation tax paid			(145,851)		(72,274)
Capital expenditure and Financial investment					
Purchase of tangible fixed assets		(306,473)		(425,863)	
Sale of tangible fixed assets		<u>39,373</u>		<u>69,036</u>	
Net cash flow from capital expenditure and financial investment			<u>(267,100)</u>		<u>(356,827)</u>
Net cash inflow/(outflow) before financing			534,769		(455,218)
Net cash (outflow) from financing	3		<u>(876,742)</u>		<u>(45,123)</u>
(Decrease) in cash in the year			<u>£(341,973)</u>		<u>£(500,341)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	2				
(Decrease) in cash in the year		(341,973)		(500,341)	
Cash flow from decrease in debt and lease financing		<u>86,742</u>		<u>45,123</u>	
Change in net debt resulting from cash flows			<u>(255,231)</u>		<u>(455,218)</u>
Movement in net funds in the year			(255,231)		(455,218)
Net funds at 1 June 2004			<u>489,742</u>		<u>944,960</u>
Net funds at 31 May 2005			<u>£234,511</u>		<u>£489,742</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 May 2005

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

	31.5.05 £	31.5.04 £
Operating profit	833,380	833,497
Operating profit attributable to minority interest	(4,355)	(4,506)
Depreciation charges	227,376	209,588
(Profit) on sale of fixed assets	(5,542)	(1,210)
(Increase) in debtors	(912,314)	(1,593,116)
Increase in creditors	935,986	651,900
Exchange rate movement on consolidation	<u>(48,632)</u>	<u>(20,124)</u>
Net cash inflow from operating activities	<u>£1,025,899</u>	<u>£76,029</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.6.04 £	Cash flow £	At 31.5.05 £
Net cash:			
Cash at bank and in hand	1,093,147	44,627	1,137,774
Bank overdraft	<u>(410,006)</u>	<u>(386,600)</u>	<u>(796,606)</u>
	683,141	(341,973)	341,168
Debt:			
Hire purchase due within one year	(92,177)	18,308	(73,869)
Hire purchase due after more than one year	<u>(101,222)</u>	<u>68,434</u>	<u>(32,788)</u>
Total	<u>489,742</u>	<u>(255,231)</u>	<u>234,511</u>

Analysed in Balance Sheet

Cash at bank and in hand	1,093,147	1,137,774
Bank overdraft	(410,006)	(796,606)
Hire purchase due within one year	(92,177)	(73,869)
Hire purchase due after more than one year	<u>(101,222)</u>	<u>(32,788)</u>
Total	<u>£489,742</u>	<u>£234,511</u>

3. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	31.5.05 £	31.5.04 £
Issue of share capital	10,000	-
(Purchase) of own shares	(800,000)	-
(Decrease) in hire purchase finance	<u>(86,742)</u>	<u>(45,123)</u>
Net cash (outflow) from financing	<u>£(876,742)</u>	<u>£(45,123)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

1. ACCOUNTING POLICIES

Accounting convention

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

In accordance with Financial Reporting Standard 18, "Accounting policies" the directors have reviewed the accounting policies to ensure that they are the most appropriate and comply with the standard.

Turnover

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

Consolidation

The consolidated accounts incorporate the accounts of the company and those of its subsidiaries, all of which are made up to 31 May 2005 (Note 9 refers).

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.

Fixed asset investments

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

Deferred taxation

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 unlikely that the gain will not be rolled over.

Foreign currencies

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 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

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

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.

Pensions

The company operates a defined contribution pension scheme. The assets of the fund are held separately from those of the company in an independently administered fund.

In addition to the scheme above, the company makes contributions on behalf of employees into a group administered personal pension scheme.

The contributions payable in respect of both of these schemes are charged in the profit and loss account.

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 only two classes of business, being that of airfreight and sea-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. STAFF COSTS

	31.5.05 £	31.5.04 £
Wages and salaries (including direct expenses)	5,560,861	5,161,454
Social security costs	337,951	329,034
Other pension costs	<u>119,739</u>	<u>217,618</u>
	<u>6,018,551</u>	<u>5,708,106</u>

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

	31.5.05	31.5.04
Sales and administration	<u>232</u>	<u>193</u>

ACTIVAIR PLC

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005**

4. OPERATING PROFIT

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

	31.5.05 £	31.5.04 £
Directors' emoluments (directors of company)	540,160	445,907
Auditors' remuneration	61,476	53,644
Hire of plant and machinery	290,747	309,640
Depreciation - owned assets	174,893	164,423
- assets held under HP	52,914	45,165
Operating lease rent paid	250,462	217,500
Profit on disposal of fixed assets	(5,542)	(1,210)
Profit on exchange	<u>32,412</u>	<u>(81,499)</u>

In addition to the Auditors remuneration disclosed above, £60,987 (2004 - £63,638) was charged for non-audit services.

The highest paid director, excluding pension contributions, earned £180,093 (2004 - £230,328). In addition, the company made contributions of £265,558 (2004 - £15,558) into a money purchase pension scheme on behalf of the director.

No shares were received or receivable by the highest paid director in relation to any long-term incentive scheme.

The number of other directors of the company in respect of whom contributions were made under the money purchase pension scheme was 2 (2004 - 2). The total pension cost of these contributions was £597,619 (2004 - £23,727).

5. OTHER INCOME

	31.5.05 £	31.5.04 £
Bank interest receivable	<u>2,965</u>	<u>1,764</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.5.05 £	31.5.04 £
Interest payable on short term borrowings	59,416	74,643
Hire purchase interest	21,593	29,267
Loan interest	135	-
	<u>81,144</u>	<u>103,910</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

7. TAXATION**Analysis of the tax charge**

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

	31.5.05	31.5.04
	£	£
Current tax:		
UK corporation tax	91,013	109,571
Under provision in previous year for UK corporation tax	32,545	-
Foreign corporation tax	<u>126,061</u>	<u>74,933</u>
Total current tax	<u>249,619</u>	<u>184,504</u>

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

Factors affecting the tax charge

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

	31.5.05	31.5.04
	£	£
Profit on ordinary activities before tax	755,201	731,350
Profit on ordinary activities multiplied by the standard rate of taxation of 30.00% (2004 – 30.00%)	226,560	219,405
Effects of:		
Capital allowances in excess of depreciation	8,822	2,270
Income disallowed	(5,339)	(7,062)
Expenses disallowed	8,322	15,855
Adjustments to tax charge in respect of marginal relief	(1,465)	(32,784)
Consolidation adjustments	(16,352)	(9,695)
Tax underprovision from previous year	32,545	-
Tax exemption	<u>(3,474)</u>	<u>(3,485)</u>
Current tax charge	<u>£249,619</u>	<u>£185,504</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

8. TANGIBLE FIXED ASSETS – GROUP

	Short leasehold property and Improvements	Motor vehicles	Plant and machinery	Furniture and equipment	Totals
	£	£	£	£	£
COST:					
At 1 June 2004	63,097	330,947	316,832	835,314	1,546,190
Additions	105,774	30,244	16,151	154,304	306,473
Disposals	-	(59,378)	(1,199)	(89,043)	(149,620)
	168,871	301,813	331,784	900,575	1,703,043
Exchange rate adjustment	662	(921)	1,583	(4,182)	(2,858)
At 31 May 2005	<u>169,533</u>	<u>300,892</u>	<u>333,367</u>	<u>896,393</u>	<u>1,700,185</u>
DEPRECIATION:					
At 1 June 2004	43,015	200,833	149,454	531,029	924,331
Charge for year	8,922	66,983	46,068	105,834	227,807
Eliminated on disposals	-	(37,673)	-	(78,116)	(115,789)
	51,937	230,143	195,522	558,747	1,036,349
Exchange rate adjustment	61	(676)	958	(3,632)	(3,289)
At 31 May 2005	<u>51,998</u>	<u>229,467</u>	<u>196,480</u>	<u>555,115</u>	<u>1,033,060</u>
NET BOOK VALUE:					
At 31 May 2005	<u>117,535</u>	<u>71,425</u>	<u>136,887</u>	<u>341,278</u>	<u>667,125</u>
At 31 May 2004	<u>20,082</u>	<u>130,114</u>	<u>167,378</u>	<u>304,285</u>	<u>621,859</u>

Included in the above are fixed assets with a net book value of £32,714 (2004 - £104,166) held under hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

9. FIXED ASSET INVESTMENTS - COMPANY

	£
COST:	
At 1 June 2004	156,021
Additions	<u>-</u>
At 31 May 2005	<u>156,021</u>
NET BOOK VALUE:	
At 31 May 2005	<u>156,021</u>
At 31 May 2004	<u>156,021</u>

The company has an investment in the following companies:

Name	Country of Incorporation	Holding	Percentage held
Activair (UK) Ltd	England & Wales	Ordinary Shares	100
Activair (New York) Llc	United States	Ordinary Shares	100
Activair (Indianapolis) Llc	United States	Ordinary Shares	100
Activair (Singapore) Pte Ltd	Singapore	Ordinary Shares	100
Activair (Hong Kong) Ltd	Hong Kong	Ordinary Shares	94
*Activsea (Hong Kong) Ltd	Hong Kong	Ordinary Shares	94
Activair (New Zealand) Ltd	New Zealand	Ordinary Shares	100
Activair Australia Pte Ltd	Australia	Ordinary Shares	100
Activair Travel Ltd (Dormant)	England and Wales	Ordinary Shares	100
Activroad Limited (Dormant)	England and Wales	Ordinary Shares	100
Activsea Limited (Dormant)	England and Wales	Ordinary Shares	100

All subsidiary undertakings are engaged in freight forwarding, with the exception of Activroad Limited, Activsea Limited and Activair Travel Limited, which have not traded in the current or previous years. All the subsidiary undertakings are included in the consolidated group financial statements.

*The company's investment in Activsea (Hong Kong) Limited is held through Activair (Hong Kong) Limited which holds 100% of this company.

The directors are of the opinion the investments are fairly valued in the accounts at the lower of cost or realisable value.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	31.5.05	31.5.04	31.5.05	31.5.04
	£	£	£	£
Trade debtors	6,171,164	5,215,963	-	-
Prepayments and accrued income	183,966	240,059	-	-
Due from subsidiary undertakings	-	-	1,135,379	752,877
Other debtors	<u>247,028</u>	<u>233,822</u>	<u>1,954</u>	<u>1,689</u>
	<u>6,602,158</u>	<u>5,689,844</u>	<u>1,137,333</u>	<u>754,566</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	31.5.05	31.5.04	31.5.05	31.5.04
	£	£	£	£
Bank overdrafts	796,606	410,006	679,820	-
Trade creditors	3,905,929	3,322,433	8,511	9,048
Due to group undertakings	-	-	164,193	-
Social security and other taxes	144,538	108,051	50,788	27,253
Taxation	282,697	186,208	59,501	69,947
Sundry creditors & accruals	832,938	525,077	117,883	138,387
Hire purchase	73,869	92,177	-	-
	<u>6,036,577</u>	<u>4,643,952</u>	<u>1,080,696</u>	<u>244,365</u>

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

	GROUP		COMPANY	
	31.3.05	31.3.04	31.3.05	31.3.04
	£	£	£	£
Hire purchase	32,788	101,222	-	-
Other creditors	8,142	-	-	-
	<u>40,930</u>	<u>101,222</u>	<u>-</u>	<u>-</u>

All of the above creditors are due within 1 to 2 years.

13. PROVISION FOR LIABILITIES AND CHARGES

	GROUP		COMPANY	
	31.5.05	31.5.04	31.5.05	31.5.04
	£	£	£	£
Opening balance	-	-	-	-
Deferred tax charge in year	7,279	-	-	-
Closing balance	<u>7,279</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. BANK LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	GROUP		COMPANY	
	31.3.05	31.3.04	31.3.05	31.3.04
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>796,606</u>	<u>410,006</u>	<u>679,820</u>	<u>-</u>

The overdrafts are secured by fixed and floating charges over the individual company assets.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

15. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Land and Buildings		Other	
	31.5.05 £	31.5.04 £	31.5.05 £	31.5.04 £
Expiring:				
Within one year	-	-	-	137,703
Between one and five years	393,245	217,500	125,684	125,684
In more than five years	<u>210,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>603,257</u>	<u>217,500</u>	<u>125,684</u>	<u>263,387</u>

16. CALLED UP SHARE CAPITAL

Ordinary share capital

Authorised:

Number:	Class:	Nominal value:	31.5.05 £	31.5.04 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

Number:	Class:	Nominal value:	31.5.05 £	31.5.04 £
50,000	Ordinary	£1	<u>40,000</u>	<u>50,000</u>

Non-participating redeemable preference share capital

Authorised:

Number:	Class:	Nominal value:	31.5.05 £	31.5.04 £
10,000	Ordinary	£1	<u>10,000</u>	<u>-</u>

Allotted, called up and fully paid:

Number:	Class:	Nominal value:	31.5.05 £	31.5.04 £
10,000	Ordinary	£1	<u>10,000</u>	<u>-</u>

The company created a new class of share during the year being non-participating redeemable preference shares. The shares were issued at par value and are redeemable at par value upon demand by the company. In the event of a winding up the shares participate in the assets of the company to their nominal value. The shares carry no right to participate in the surplus assets of the company beyond their nominal value.

During the year, 10,000 non-participating redeemable preference shares were issued at par value in order to provide additional share capital for the company.

The ordinary shares of the company allow the individual shareholder to fully participate in the assets of the company in the event of a winding up, carry fully voting rights and participate in any distributions made by the company.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2004

17. PROFIT AND LOSS ACCOUNT

	GROUP		COMPANY	
	31.5.05	31.5.04	31.5.05	31.5.04
	£	£	£	£
Opening balance	2,585,964	2,054,665	917,254	649,665
Profit for the year	501,228	542,341	35,404	267,589
Purchase of own shares	(800,000)	-	(800,000)	-
Exchange differences	(52,988)	(11,042)	-	-
Closing balance	<u>2,234,204</u>	<u>2,585,964</u>	<u>152,658</u>	<u>917,254</u>

18. CAPITAL REDEMPTION RESERVE

	GROUP		COMPANY	
	31.5.05	31.5.04	31.5.05	31.5.04
	£	£	£	£
Opening balance	-	-	-	-
Transfer on purchase of own shares	10,000	-	10,000	-
Closing balance	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>

19. PROFITS FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group result for the year includes a profit of £35,404 (2004 – profit £267,589), which is dealt with in the financial statements of the parent company.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	31.3.05	31.3.04	31.3.05	31.3.04
	£	£	£	£
Profit for the financial year	501,228	542,341	35,404	267,589
Issue of share capital	10,000	-	10,000	-
Purchase of own shares	(800,000)	-	(800,000)	-
Other recognised losses relating to the year	(52,988)	(11,042)	-	-
NET ADDITION TO SHAREHOLDERS' FUNDS	(341,760)	531,299	(754,596)	267,589
Opening shareholders' funds	<u>2,635,964</u>	<u>2,104,665</u>	<u>967,254</u>	<u>699,665</u>
CLOSING SHAREHOLDERS' FUNDS	<u>2,294,204</u>	<u>2,635,964</u>	<u>212,658</u>	<u>967,254</u>
Analysis of closing shareholders' funds:				
	£	£	£	£
Equity interests	2,284,204	2,635,964	202,658	-
Non-equity interests	10,000	-	10,000	-
	<u>2,294,204</u>	<u>2,635,964</u>	<u>212,658</u>	<u>967,254</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2005

21. 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 £597,619 (2004 - £217,618).

22. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is H M Evans by virtue of his majority shareholding of the equity capital of the Company.

23. GROUP ACCOUNTS

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

24. RELATED PARTY TRANSACTIONS

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.

25. CONTINGENT LIABILITY

The company has given guarantees in respect of bank borrowings of certain of its subsidiary undertakings, which amounted to £nil (2004: £353,362).

The directors have not been notified of any litigation that they consider will result in a material liability to the group, either individually or in aggregate.