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Plaxton Limited

Directors' report and financial statements

Registered number 05101150

30 April 2006

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Directors' report

The directors have pleasure in submitting the annual report and the financial statements for the year ended 30 April 2006.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The group and company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Principal activity and business review

The principal activity of the group continued to be the manufacture and distribution of new and second-hand luxury coaches and buses, and related aftermarket activities.

The results for the year are set out in the profit and loss account on page 7.

The statutory accounts have been prepared for the year ended 30 April 2006. The previous year figures relate to the period from 15 May 2004 to 30 April 2005, a 50 week period.

On turnover of £75.3m, from which £12.7m of gross profit was generated and operating profit of £3.0m; corresponding previous year results (before exceptional items) were £63.4m, £12.1m and £3.9m. Turnover increased by £11.9m (18.8%) in the year, representing the move into bus sales and also an additional two week period in the current financial year. Significant investment was made during the year in establishing the bus division infrastructure and overhead in advance of production, which has suppressed operating profit; however the benefits of this will have a more significant impact during 2006-7.

Directors' report *(continued)*

The principal risks and uncertainties affecting the business include the following:

- Raw material availability and prices: the group monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers.
- Environmental risks: the group places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes.
- Debtors: the group maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed. In addition, the group maintains credit insurance whereby the majority of outstanding debts are credit insured.
- Major disruption/disaster: a formal Business Continuity Plan is currently being drawn up and implemented.
- New product, project and technology risk: the business has satisfactorily developed product updates to take account of legislation, particularly DDA legislation which has resulted in the development of four coach and small bus variants to enable disabled access. The business operates in a highly competitive market place, and has therefore taken the view that it should embrace new technology in line with a strategy of product differentiation.

  All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third party rights.
- The effect of legislation or other regulatory activities: The bus and coach industry, like many others, is subject to strong regulatory forces. The main legislative and regulatory changes which have affected the business are around the introduction of the Disability and Discrimination Act to coach transport in 2005. Plaxton's response was to embrace such changes and turn them into opportunities to supply innovative product solutions to the fleet and retail coach buyers, with three lift options on coach, and one in the Beaver/Cheetah products.
- Litigation: the directors are not aware of any litigation at the present time.

Key areas of strategic development and performance of the business include:

- Sales and marketing: new and replacement business is being won continually; new markets have been developed in line with the group's strategy; key customer relationships are monitored on a regular basis.
- Manufacturing: new products continue to be developed for both existing and development markets; production efficiencies have been gained and new initiatives for process and efficiency improvements are constantly being developed.
- New product development: It is incumbent on a business like Plaxton, to endeavour to remain at the forefront of technology in the industry. To that end the company has spent £838,000 on product development (2005 - £527,000), in line with company strategy to lead the introduction of DDA compliant coach product, and also to develop the Plaxton brand back into the bus business. This has been achieved with the introduction of two new models, the Centro and the Primo.

  It is envisaged that 2006/7 will also be a significant year for product development, with the introduction of revised body designs to accommodate the Euro 4 emissions legislation on bus and coach, and also to further the range of bus chassis offered with the Centro body. Such investment is aimed at retaining Plaxton's role as market leader in the UK coach market, and once again becoming a force in bus.

- Health and Safety: accident and absenteeism rates have fallen and the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.

Directors' report *(continued)*

Key financial performance indicators include the monitoring of the management of profitability and working capital.

Key non-financial performance indicators include the monitoring of our employees' health and safety.

	2006	2005	Measure
Financial			
Ebitda	£4.05m	£3.81m	Earnings before interest, tax, depreciation and amortisation
Current ratio	1.46	1.40	Current assets: current liabilities
Stock turnover	6.37	5.07	Turnover/stock
Days debtors	17.7	12.8	Trade debtors/average turnover
Days creditors	53.6	62.3	Trade creditors/average purchases
Non-financial			
Number of reportable accidents	0	5	Reportable accidents

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

B Davidson	
A Glennie	
J Globe	
M Hassall	(resigned 27 February 2006)
M Keaney	
M Rogan	(resigned 20 February 2006)
K Wood	
F Santinon	(appointed 2 March 2006, resigned 28 July 2006)
A Glennon	(appointed 2 March 2006, resigned 28 July 2006)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Class of share	Interest at end of year	Interest at start of year
B Davidson	B	9,167	9,167
J Globe	B	4,583	4,583
M Keaney	B	9,167	9,167
K Wood	B	4,583	4,583

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Employee involvement

A joint consultative group consisting of management and employee representatives operates as a forum for consultation with employees with meetings held on a regular basis.

The company continued implementation of its training programme covering key areas of employee involvement such as communications, customer focus, continuous improvement, team working and empowerment.

It is company policy that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates.

Directors' report *(continued)*

Events after the balance sheet date

On 28 July 2006 the entire share capital of Plaxton Limited was acquired by Plaxton Holdings Limited as part of a restructuring of the company's share capital. As part of this transaction the company replaced its long term loan notes and bank loans as referred to in note 14 with alternative funding arrangements.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £2,216.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

During the period KPMG LLP were appointed as auditors to the company. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

B Davidson
Director

Plaxton Park
Cayton Low Road
Eastfield
Scarborough
North Yorkshire
YO11 3BY

12 September 2006

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Plaxton Limited

We have audited the financial statements of Plaxton Limited for the year ended 30 April 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions 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 examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Independent auditors' report to the members of Plaxton Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

12 September 2006

Profit and loss account
for the year ended 30 April 2006

	Notes	2006 £000	2005 Before exceptional items £000	2005 Exceptional items (see note 2) £000	2005 Total £000
Turnover	*1*	**75,290**	63,390	-	63,390
Cost of sales		**(62,579)**	(51,268)	884	(50,384)
Gross profit		**12,711**	12,122	884	13,006
Distribution costs		**(2,294)**	(2,045)	-	(2,045)
Administrative expenses		**(7,399)**	(6,137)	(1,710)	(7,847)
Profit/(loss) on ordinary activities before interest	*2 – 4*	**3,018**	3,940	(826)	3,114
Interest receivable and similar income	*6*	**13**	8	-	8
Interest payable and similar charges	*7*	**(1,259)**	(1,056)	-	(1,056)
Profit/(loss) on ordinary activities before taxation		**1,772**	2,892	(826)	2,066
Tax on profit on ordinary activities	*8*	**(551)**			(634)
Profit for the financial period		**1,221**			1,432

There are no recognised gains and losses in the period other than the profit for the period.

The results for the year are wholly attributable to continuing activities.

Profit on ordinary activities before taxation is the historical cost profit.

Balance sheet
at 30 April 2006

	Note	2006		2005	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		3,556		3,650
Tangible assets	10		1,175		750
			4,731		4,400
Current assets					
Stocks	11	11,824		12,509	
Debtors	12	4,090		2,636	
Cash at bank and in hand		5,463		4,173	
		21,377		19,318	
Creditors: amounts falling due within one year	13	(14,683)		(13,764)	
Net current assets			6,694		5,554
Total assets less current liabilities			11,425		9,954
Creditors: amounts falling due after more than one year	14		(8,264)		(8,042)
Provisions for liabilities and charges	15		(28)		-
			3,133		1,912
Capital and reserves					
Called up share capital	16		10		10
Share premium account	17		470		470
Profit and loss account	17		2,653		1,432
Shareholders' funds			3,133		1,912

These financial statements were approved by the board of directors on 12 September 2006 and were signed on its behalf by:

B Davidson
Director

Cash flow statement
for the year ended 30 April 2006

	Note	2006 £'000	2005 £'000
Cash flow from operating activities	*18*	**2,311**	6,981
Returns on investments and servicing of finance	*19*	**(1,046)**	(917)
Capital expenditure and financial investment	*19*	**(1,364)**	(592)
Corporation tax paid		**(962)**	-
Acquisition	*19*	-	(10,786)
Cash outflow before management of liquid resources and financing		**(1,061)**	(5,314)
Financing	*19*	**2,351**	9,487
Increase in cash in the period	*20*	**1,290**	4,173

Reconciliation of net cash flow to movement in net debt

	Note	2006 £'000	2005 £'000
Net debt at beginning of period	*20*	**(4,834)**	-
Increase in cash in the period	*20*	**1,290**	4,173
Cash inflow from increase in debt	*20*	**(2,351)**	(9,007)
Net debt at the end of the period	*20*	**(5,895)**	(4,834)

Reconciliation of movements in shareholders' funds
for the year ended 30 April 2006

	2006	2005
	£'000	£'000
Profit for the financial period	**1,221**	1,432
New share capital subscribed (net of issue costs)	-	480
Retained profit	**1,221**	1,912
Opening shareholders' funds	**1,912**	-
Closing shareholders' funds	**3,133**	1,912

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements as noted below.

In these financial statements FRS 21 'Events after the balance sheet date' has been adopted for the first time.

Basis of preparation

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

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of seven years.

Turnover

For vehicle turnover, a sale is recognised upon invoicing and when the vehicle is available in accordance with agreed customer requirements.

After-market sales are recognised upon delivery of the relevant service.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	life of lease
Plant and machinery	-	between 3 and 8 years
Fixtures, fittings, tools and equipment	-	between 4 and 8 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post-retirement benefits

The company operates a defined contribution pension scheme in the form of a group personal pension. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Research and development

It is the company's policy to capitalise development costs that comply with the requirements set out in SSAP 13 Accounting for Research and Development.

Leases and hire purchase contracts

Where the company enters into a lease, which entails taking substantially all the risk and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

2 Exceptional items

The following items were considered to be exceptional income / (costs) in the financial period, and arose in relation to the purchase of the business out of Administration:

	2006	2005
	£000	£000
Exceptional profit on sale of work in progress and finished goods	-	1,502
New company start-up costs	-	(146)
Employee related provisions	-	(473)
Cost of acquiring contracts	-	(1,289)
Amortisation of cost of raising finance	-	(420)
	-	(826)

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2006 £000	2005 £000
Profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration:		
Audit	**33**	24
Other services - fees paid to the auditor and its associates	**7**	6
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	**247**	151
Amortisation of goodwill and development costs	**786**	543
Hire of plant and machinery - rentals payable under operating leases	**23**	15
Hire of other assets - operating leases	**932**	576
Research and development expenditure	**147**	251

4 Remuneration of directors

	2006 £000	2005 £000
Directors' emoluments	**756**	384
Company contributions to money purchase pension schemes	**39**	22
Amounts paid to third parties in respect of directors' services	**24**	19
	819	425

The aggregate of emoluments of the highest paid director was £209,000 and company pension contributions of £11,000 were made to a money purchase scheme on his behalf.

	Number of directors 2006	2005
Average number of directors during the year	7	6

	Number of directors 2006	2005
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2006	2005
Manufacturing	**291**	251
Selling and Administration	**103**	101
Aftermarket	**78**	74
	472	426

The aggregate payroll costs of these persons were as follows:

	2006	2005
	£000	£000
Wages and salaries	**11,707**	9,248
Social security costs	**1,193**	903
Other pension costs	**206**	116
	13,106	10,267

6 Other interest receivable and similar income

	2006	2005
	£000	£000
Interest receivable on short-term bank deposits	**13**	8

7 Interest payable and similar charges

	2006	2005
	£000	£000
On bank loans and overdrafts	**374**	369
On loan notes	**707**	642
Other	**178**	45
	1,259	1,056

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2006 £000	2005 £000
UK corporation tax		
Current tax on income for the period	530	634
Adjustments in respect of prior period	(7)	-
Total current tax	523	634
Deferred tax		
Origination/reversal of timing differences	21	-
Adjustment in respect of prior period	7	-
Total deferred tax	28	-
Tax on profit on ordinary activities	551	634

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2005: higher)* than the standard rate of corporation tax in the UK (30%, 2005: 30%). The differences are explained below.

	2006 £000	2005 £000
Current tax reconciliation		
Profit on ordinary activities before tax	1,772	2,066
Current tax at 30%	532	620
Effects of:		
Expenses not deductible for tax purposes	19	14
Fixed asset timing differences	(19)	(16)
Short term timing differences	(2)	16
Adjustments to tax charge in respect of prior period	(7)	-
	523	634

Notes *(continued)*

9 Intangible fixed assets

	Development costs	Goodwill and deal fees	Total
	£000	£000	£000
Cost			
At beginning of period	276	3,926	4,202
Additions	692	-	692
At end of period	968	3,926	4,894
Amortisation			
At beginning of period	9	543	552
Charged in period	54	732	786
At end of period	63	1,275	1,338
Net book value			
At 30 April 2006	**905**	**2,651**	**3,556**
At 30 April 2005	267	3,383	3,650

Goodwill held in relation to the trade and asset purchase from Transbus International Limited in the prior year is being amortised over 7 years, as the directors believe that to be the period over which the benefits of the current designs, existing product range and contracts will be realised.

Deal fees relating to the purchase were capitalised and are being amortised in line with goodwill.

Development costs are capitalised under the provisions of SSAP 13 Accounting for Research and Development. Costs are amortised over a period of seven years.

Notes *(continued)*

10 Tangible fixed assets

	Leasehold Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At beginning of period	13	652	227	892
Additions	95	448	129	672
At end of period	108	1,100	356	1,564
Depreciation				
At beginning of period	-	115	27	142
Charge for period	15	157	75	247
At end of period	15	272	102	389
Net book value				
At 30 April 2006	**93**	**828**	**254**	**1,175**
At 30 April 2005	13	537	200	750

The net book value of land and buildings comprises:

	2006 £000	2005 £000
Short leasehold	**93**	13

Included in the total net book value of plant and machinery is £83,842 *(2005: £nil)* in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £9,727 *(2005: £nil)*

Notes *(continued)*

11 Stocks

	2006 £000	2005 £000
Raw materials and consumables	**2,940**	2,315
Work in progress	**4,304**	5,624
Finished goods and goods for resale	**4,580**	4,570
	11,824	12,509

12 Debtors

	2006 £000	2005 £000
Trade debtors	**3,644**	2,311
Other debtors	**130**	72
Prepayments and accrued income	**316**	253
	4,090	2,636

13 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Stocking loan	**3,088**	737
Payments received on account	**25**	135
Trade creditors	**8,140**	8,255
Taxation and social security	**1,199**	1,571
Corporation tax	**195**	634
Other creditors	**74**	122
Accruals and deferred income	**1,932**	2,310
Finance lease creditors	**30**	-
	14,683	13,764

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Loan notes	6,747	6,656
Bank loans	1,477	1,386
Finance lease creditors	40	-
	8,264	8,042

Analysis of debt:	2006 £000	2005 £000
Debt can be analysed as falling due:		
Between two and five years	6,787	4,437
In five years or more	1,477	3,605
	8,264	8,042

The bank loan is repayable in full on 14 May 2011, and is secured by a debenture dated 15 May 2004 over all monies due or to become due to the Company. The rate of interest payable is 2.75% above Libor.

The loan notes are repayable in three equal annual instalments commencing 30 April 2009, and are secured by way of a fixed and floating charge over the Company assets. The rate of interest payable is 10% per annum.

Both of these debentures are linked by way of an inter-creditor agreement.

Deal fees of £342,000 to financing were capitalised under FRS 4 Capital Instruments. These costs are amortised over 3 years the carrying value netted off against the loan.

As part of the restructuring that occurred on 28 July 2006 the loan notes and bank loans as disclosed were repaid in full and replaced by alternative finance.

	2006 £000	2005 £000
Loan notes	6,770	6,770
Unamortised finance costs	(23)	(114)
	6,747	6,656
Bank loans	1,500	1,500
Unamortised finance costs	(23)	(114)
	1,477	1,386
	8,224	8,042

The maturity of obligations under finance leases and hire purchase contacts is as follows:

	2006 £000	2005 £000
Within one year	30	-
In the second to fifth years	40	-
	70	-

Notes *(continued)*

15 Provisions for liabilities and charges

	Taxation including deferred taxation £000
At beginning of year	-
Charge to the profit and loss for the year	28
At end of year	28

The element of deferred taxation are as follows:	2006 £000	2005 £000
Difference between accumulated depreciation and amortisation and capital allowances	35	-
Other timing differences	(7)	-
Provision	28	-
Deferred tax asset	(7)	-
Deferred tax liability	35	-
	28	-

16 Called up share capital

	2006 £	2005 £
Authorised, allotted, called up and fully paid:		
Equity		
72,500 A Ordinary shares of 10p each	7,250	7,250
27,500 B Ordinary shares of 10p each	2,750	2,750
	10,000	10,000

On 15 May 2004, the authorised share capital of the company was increased from £1,000 to £10,000 by the creation of 72,500 A ordinary shares of 10p each and 17,500 B ordinary shares of 10p each. In addition, 998 unissued ordinary shares of £1 each were converted into 9,980 B ordinary shares of 10p each, and 2 issued ordinary shares of £1 each were converted into 20 B ordinary shares of 10p each.

The holders of each A ordinary share or each B ordinary share shall have the right to receive notice of, attend, speak and vote at a general meeting of the Company.

Save for as detailed below, the shares shall rank pari passu in all respects.

The A ordinary shares issued during the period carry the right for the shareholders to receive, by way of a participating dividend, for the financial years commencing 1 May 2008 and ending 30 April 2011. Thereafter, the A ordinary shares and B ordinary shares shall rank equally share for share as regards dividends.

Notes *(continued)*

16 Called up share capital *(continued)*

On liquidation, reduction of capital, dissolution or winding up of the company, each A ordinary share confers upon the holder thereof, the right to receive a proportion of the assets of the company available for distribution among the members equal to the issue price of each fully paid ordinary share and all dividends accrued or in arrears, similarly then to pay the B ordinary shareholders, then the balance to be distributed in accordance with the Articles of Association.

17 Profit and loss account and movements in shareholders funds

	Share Capital	Profit & Loss Account	Share Premium	Total Shareholders funds
	£000	£000	£000	£000
Balance 1 May 2005	10	1,432	470	1,912
Retained profit for the financial period	-	1,221	-	1,221
Balance at 30 April 2006	**10**	**2,653**	**470**	**3,133**

18 *Reconciliation of operating profit to net cash flow from operating activities*

	2006	2005
	£'000	£'000
Operating profit	**3,018**	3,114
Depreciation and amortisation charges	**1,033**	694
Decrease/(Increase) in stocks	**685**	(6,545)
(Increase) in debtors	**(1,454)**	(2,166)
(Decrease)/Increase in creditors	**(971)**	11,884
Net cash inflow from operating activities	**2,311**	6,981

Notes *(continued)*

19 Analysis of cash flows

	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Returns on investment and servicing of finance				
Interest received	13		8	
Interest and bank fees paid	(1,059)		(925)	
		(1,046)		(917)
Capital expenditure				
Purchase of tangible fixed assets	(672)		(316)	
Purchase of intangible assets	(692)		(276)	
		(1,364)		(592)
Acquisition				
Purchase of business assets and deal fees	-		(10,786)	
		-		(10,786)
Financing				
Issue of ordinary share capital	-		480	
New stocking loan	2,351		737	
New secured revolver loan	-		5,500	
Repayment of secured revolver loan	-		(5,500)	
New secured bank loan (repayable 2011)	-		1,500	
New secured loan stock (repayable 2009-2011)	-		6,770	
		2,351		9,487

20 Analysis of net debt

	Beginning of period £'000	Cash flow £'000	Other non cash changes £'000	At end of period £'000
Cash in hand, at bank	4,173	1,290	-	5,463
Debt due within one year				
- Stocking loan	(737)	(2,351)	-	(3,088)
Debt due after one year				
- Loan stock (see note 14)	(6,770)	-	-	(6,770)
- Bank loans (see note 14)	(1,500)	-	-	(1,500)
	(9,007)	(2,351)	-	(11,358)
Total	(4,834)	(1,061)	-	(5,895)

Notes *(continued)*

21 Commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows:

	2006	2005
	£000	£000
Contracted	**32**	261
Authorised but not contracted	**33**	682
	65	943

(b) Annual commitments under non-cancellable operating leases are as follows:

	2006 Land and buildings	**2006 Other**	2005 Land and buildings	2005 Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**-**	**100**	-	4
In the second to fifth years inclusive	**7**	**116**	7	199
Over five years	**746**	**-**	667	-
	753	**216**	674	203

22 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amount to £206,000 *(2005: £116,000)*.

There were outstanding contributions at the end of the financial period of £28,226 *(2005: £24,290)* and these are included within other creditors.

23 Related party transactions

Clients of Aberdeen Murray Johnstone Private Equity Funds hold 96.6% of the A ordinary shares; those clients also hold 100% of the secured loan notes of £6.77m referred to in note 14. Interest included in the profit and loss account on those loans in the period amounted to £707,000 *(2005: £642,000)* as detailed in note 7.

Loan notes of £6.77m were received in the period ending 30 April 2005, and remain outstanding at the current period end. Outstanding interest at the period end was £332,000 *(2005: £338,000)*.

24 Post balance sheet events

On 28 July 2006 the entire share capital of Plaxton Limited was acquired by Plaxton Holdings Limited as part of a restructuring of the company's share capital. As part of this transaction the company replaced its long term notes and bank loans as referred to in note 14 with alternative funding arrangements.