

Constantine Group plc
(formerly Constantine Holdings Limited)

Directors' report and financial
statements

Registered number 649369

31 August 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2008.

Business review and principal activities

The principal activities of the group during the year were the manufacture of caravans and motorhomes, property investment and trading, and specialist transportation services.

During the year the group acquired a further 25% of Peters and May Spain S.L. following which the company owned 100% of the issued share capital.

The results for the group show a pre-tax profit of £3.0m (2007: £5.1m) for the year and turnover of £121.0m (2007: £108.3m).

The group generated operating cash inflows of £4.1m (2007: £7.8m). It has net debt of £2.7m (2007: £3.8m) reflecting the repayment of loans during the year following the sale of a number of properties.

Principal risks and uncertainties

The Board sets the long term strategy and goals for the group. The management of the business and execution of the group's strategy are subject to a number of risks which vary for each of the individual companies within the group. Further discussion of these risks and uncertainties are provided in the directors' reports of the individual subsidiary companies.

The Board are supported by Audit and Remuneration Committees, which include the non-executive directors.

Future outlook

The current economic conditions create an element of uncertainty over demand for some of the group's products but the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available through current banking facilities and therefore the directors believe that the group is well placed to manage its business risks successfully despite the economic uncertainty.

On 19 September 2008 Peters & May Limited acquired the entire issued share capital of Simtex International Limited.

Key performance indicators

Business performance is measured by Key performance indicators ("KPI's") which include monitoring of actual results against budget by the Board, at a group level, on a monthly basis. The subsidiary companies monitor appropriate KPI's necessary for an understanding of the development, performance or position of the individual businesses.

Dividends

Dividends paid during the financial year comprise interim dividends of £2.68 per share in respect of the year ended 31 August 2008. Total dividends paid in the year amount to £1,335,079.

Directors' report *(continued)*

Directors and directors' interests

Directors holding office during and after the end of the year were as follows:

AJ McWalter	(Chairman)
NKG Prescott	(Chief Executive)
NL Constantine	(Finance and Investment Director)
GJ Chalk	(Non Executive)
RGW Williams	(Non Executive)

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

	At 1 September 2007	At 31 August 2008
NL Constantine	36,892	36,892
NKG Prescott	48,824	49,698

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 or debentures of group companies were granted to any of the directors or their immediate families or exercised by them, during the financial year.

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

NL Constantine
Director

Craven House
Station Road
Godalming
Guildford
Surrey
GU7 1EX

22 January 2009

Statement of directors' responsibilities in respect of the Directors' Report and 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 and applicable law (UK Generally Accepted Accounting Practice).

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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 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.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Constantine Group plc (formerly Constantine Holdings Limited)

We have audited the group and parent company financial statements (the "financial statements") of Constantine Group plc for the year ended 31 August 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Note of Consolidated Historical Cost Profits and Losses, the Reconciliations of Movements in Shareholders' Funds 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the 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 group's and company's circumstances, consistently applied and adequately disclosed.

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

**Independent auditors' report to the members of Constantine Group plc
(formerly Constantine Holdings 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 group's and the parent company's affairs as at 31 August 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor

22 January 2009

Consolidated profit and loss account
for the year ended 31 August 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	2		
Continuing operations		121,043	108,340
Cost of sales		(104,243)	(92,605)
		<hr/>	<hr/>
Gross profit		16,800	15,735
Administrative expenses		(13,886)	(12,940)
Rents receivable		1,803	2,150
Profit on sale of properties		249	861
Impairment losses on properties	10	(1,652)	-
		<hr/>	<hr/>
Operating profit			
Continuing operations		3,314	5,806
Other interest receivable and similar income		364	411
Interest payable and similar charges	6	(650)	(1,095)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-6	3,028	5,122
Tax on profit on ordinary activities	7	(1,484)	(1,639)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,544	3,483
Minority interests	18	(106)	(37)
		<hr/>	<hr/>
Profit for the financial year	18	1,438	3,446
		<hr/> <hr/>	<hr/> <hr/>

Consolidated balance sheet
at 31 August 2008

	<i>Note</i>	2008		2007	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	<i>9</i>		4,662		4,924
Tangible assets	<i>10</i>		43,692		50,760
Investments	<i>11</i>		13		13
			<hr/>		<hr/>
			48,367		55,697
Current assets					
Stocks	<i>12</i>	5,568		3,246	
Debtors	<i>13</i>	14,964		11,923	
Cash at bank and in hand		5,625		7,314	
		<hr/>		<hr/>	
		26,157		22,483	
Creditors: amounts falling due within one year	<i>14</i>	(23,893)		(21,851)	
		<hr/>		<hr/>	
Net current assets			2,264		632
			<hr/>		<hr/>
Total assets less current liabilities			50,631		56,329
Creditors: amounts falling due after more than one year	<i>15</i>		(7,946)		(10,884)
Provisions for liabilities	<i>16</i>		(310)		(461)
			<hr/>		<hr/>
Net assets			42,375		44,984
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>17</i>		498		498
Share premium account	<i>18</i>		650		650
Investment property revaluation reserve	<i>18</i>		2,986		6,517
Capital redemption reserve	<i>18</i>		3,318		3,318
Other reserve	<i>18</i>		227		227
Profit and loss account	<i>18</i>		34,109		33,254
			<hr/>		<hr/>
Shareholders' funds			41,788		44,464
Minority interests	<i>18</i>		587		520
			<hr/>		<hr/>
			42,375		44,984
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 22 January 2009 and were signed on its behalf by:

AJ McWalter
Director

NL Constantine
Director

Company balance sheet
at 31 August 2008

	<i>Note</i>	2008		2007	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	<i>10</i>		96		6
Investments	<i>11</i>		36,234		38,837
			<hr/>		<hr/>
			36,330		38,843
Current assets					
Debtors	<i>13</i>	7,275		8,068	
Cash		-		-	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	<i>14</i>	(1,817)		(2,447)	
		<hr/>		<hr/>	
Net current assets			5,458		5,621
			<hr/>		<hr/>
Provisions for liabilities	<i>16</i>		-		-
			<hr/>		<hr/>
Net assets			41,788		44,464
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>17</i>		498		498
Share premium account	<i>18</i>		650		650
Capital redemption reserve	<i>18</i>		3,318		3,318
Revaluation reserve	<i>18</i>		20,767		23,266
Profit and loss account	<i>18</i>		16,555		16,732
			<hr/>		<hr/>
Shareholders' funds			41,788		44,464
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 22 January 2009 and were signed on its behalf by:

AJ McWalter
Director

NL Constantine
Director

Consolidated statement of total recognised gains and losses for the year ended 31 August 2008

	2008 £000	2007 £000
Profit for the financial year	1,438	3,446
Unrealised (deficit)/surplus on revaluation of properties	(2,909)	1,025
Exchange differences on consolidation	130	9
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(1,341)	4,480
	<hr/> <hr/>	<hr/> <hr/>

Note of consolidated historical cost profits and losses for the year ended 31 August 2008

	2008 £000	2007 £000
Reported profit on ordinary activities before taxation	3,028	5,122
Realisation of property revaluation gains of previous years	622	1,483
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	3,650	6,605
	<hr/> <hr/>	<hr/> <hr/>
Historical cost profit for the year retained after taxation and dividends	725	3,694
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of movements in shareholders' funds for the year ended 31 August 2008

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Profit for the financial year	1,438	3,446	1,158	1,921
Dividends	(1,335)	(1,235)	(1,335)	(1,235)
Exchange differences on consolidation	130	9	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Unrealised (deficit)/surplus on revaluation of properties	233	2,220	(177)	686
(Deficit)/surplus arising on directors' valuation of investments in subsidiary undertakings	(2,909)	1,025	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(2,676)	3,245	(2,676)	3,178
Opening shareholders' funds	44,464	41,219	44,464	41,286
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds	41,788	44,464	41,788	44,464
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated cash flow statement
for the year ended 31 August 2008

	<i>Note</i>	2008 £000	2007 £000
Cash flow from operating activities	20	4,056	7,823
Returns on investments and servicing of finance	21	(422)	(692)
Taxation		(2,923)	(1,508)
Capital expenditure and financial investment	21	2,176	9,302
Acquisitions	21	(422)	(1,927)
Dividends paid		(1,335)	(1,235)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		1,130	11,763
Financing	21	(2,870)	(10,686)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(1,740)	1,077
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(1,740)	1,077
Cash outflow from decrease in debt and lease financing		2,870	10,686
		<hr/>	<hr/>
Change in net debt resulting from cash flows		1,130	11,763
Inception of finance leases		-	(278)
		<hr/>	<hr/>
Movement in net debt in the year		1,130	11,485
Net debt at the start of the year		(3,842)	(15,327)
		<hr/>	<hr/>
Net debt at the end of the year	22	(2,712)	(3,842)
		<hr/> <hr/>	<hr/> <hr/>

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 group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain properties and of shares in subsidiary undertakings.

The current economic conditions create an element of uncertainty over demand for some of the group's products but the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available through current banking facilities and therefore the directors believe that the group is well placed to manage its business risks successfully despite the economic uncertainty. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 August 2008. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associated undertaking is one in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

Goodwill arising on the acquisition of subsidiary and other undertakings prior to 1 September 1998 (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) was written off against reserves on consolidation and any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) was credited direct to reserves.

Goodwill arising on the acquisition of subsidiary and other undertakings on or after 1 September 1998 is capitalised as an intangible asset and amortised over its useful economic life in accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets'.

On the subsequent disposal or termination of a business, the consolidated profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

The company's investments in subsidiary undertakings and the group's investment in associated undertakings and joint ventures are shown in the balance sheet at the directors' valuation of the underlying net assets.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Notes (continued)

1 Accounting policies (continued)

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account when incurred.

Fixed assets and depreciation

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

Freehold property	-	2% on cost and nil % on valuation
Short leasehold property	-	equal instalments over the lesser of the period of the lease and ten years
Plant and machinery	-	10% - 20% on cost
Office furniture and equipment	-	12% - 33% on cost
Motor vehicles	-	25% on written down value

No depreciation is provided on freehold land.

In accordance with Statement of Standard Accounting Practice No 19:

- i investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- ii no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Stocks

Stocks are valued at cost, including appropriate overheads, or net realisable value whichever is the lower. For work in progress and finished goods manufactured by the group, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

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

Profits and losses on disposal of properties

The difference between proceeds received and the carrying value of a property is credited/(charged) to the profit and loss account as profit/(loss) on sale of property. The realised element of the revaluation reserve after tax is then transferred to the profit and loss account.

Post retirement benefits

The group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in the accounting period.

The group also operated a pension scheme providing benefits based on final pensionable pay. The assets of the scheme were held separately from those of the group. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' service with the group. The difference between the charge to the profit and loss account and the contributions paid to the scheme was shown as an asset or liability in the balance sheet (see note 19).

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash at bank and 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. Liquid resources comprise term deposits of less than one year (other than cash).

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Analysis of turnover

The analyses of turnover by activity and geographical location are as follows:

	2008 £000	2007 £000
Caravan and motorhome manufacture and retail	47,960	57,136
Specialist transport services	73,083	51,204
	121,043	108,340
Geographical destination		
United Kingdom	94,310	95,721
Overseas	26,733	12,619
	121,043	108,340
Geographical origin		
United Kingdom	107,067	106,447
Overseas	13,976	1,893
	121,043	108,340

Notes *(continued)*

3 Notes to the profit and loss account

	2008	2007
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Operating lease rentals:		
Hire of plant and machinery	76	78
Other	30	30
Depreciation of tangible fixed assets:		
Owned	1,311	1,202
Leased	84	81
Profit on sale of properties	(249)	(861)
(Profit)/loss on disposal of other tangible fixed assets	(8)	1
Amortisation of goodwill	262	181
Impairment loss on tangible fixed assets	1,652	-
Impairment loss on goodwill	248	-
	<hr/>	<hr/>
<i>Auditors' remuneration:</i>		
	2008	2007
	£000	£000
Audit of these financial statements	26	26
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	86	81
Other services relating to taxation	37	31
	<hr/>	<hr/>

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Remuneration of directors

	2008	2007
	£000	£000
Directors' emoluments	531	998
Company contributions to money purchase pension schemes	50	58
	<hr/>	<hr/>
	581	1,056
	<hr/>	<hr/>

The emoluments of the highest paid director were £204,000 (2007: £483,000) and company pension contributions of £25,000 (2007: £20,000) were made to a money purchase pension scheme on his behalf. Retirement benefits are accruing to two directors under money purchase pension schemes (2007: two).

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees		Number of employees	
	Group		Company	
	2008	2007	2008	2007
Management	16	15	5	5
Administration and clerical	118	97	-	-
Production	397	427	-	-
Other labour	52	49	-	-
	<u>583</u>	<u>588</u>	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Wages and salaries	16,552	15,416	547	998
Social security costs	1,628	1,546	66	126
Other pension costs	644	346	67	58
	<u>18,824</u>	<u>17,308</u>	<u>680</u>	<u>1,182</u>

6 Interest payable and similar charges

	2008	2007
	£000	£000
On bank loans and overdrafts	624	1,075
Other	9	-
On finance leases and similar hire purchase contracts	17	20
	<u>650</u>	<u>1,095</u>

Notes (continued)

7 Taxation

Analysis of charge in period

	2008		2007
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the period	1,413		1,556
Adjustment in respect of prior years	(162)		290
	<hr/>		<hr/>
		1,251	1,846
<i>Foreign tax</i>			
Current tax on income for the period		384	26
		<hr/>	<hr/>
Total current tax		1,635	1,872
<i>Deferred tax (see note 16)</i>			
Origination of timing differences	161		(80)
Adjustments in respect of previous periods	(312)		(153)
	<hr/>		<hr/>
		(151)	(233)
		<hr/>	<hr/>
Tax on profit on ordinary activities		1,484	1,639
		<hr/> <hr/>	<hr/> <hr/>

Factors affecting the current tax charge for the period

The tax charge for the period is higher (2007: higher) than the standard rate of corporation tax in the UK (29.17%, 2007: 30%). The differences are explained below.

	2008	2007
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,028	5,122
	<hr/>	<hr/>
Current tax at 29.17% (2007: 30%)	883	1,537
<i>Effects of:</i>		
Expenses not deductible for tax purposes	129	112
Fixed asset impairments not deductible for tax purposes	482	-
Capital allowances for year in excess of depreciation	(54)	(139)
Differences between accounting profits and chargeable gains on sale of investment properties	176	503
Short term timing differences	(158)	(2)
Utilisation of tax losses	-	(448)
Small companies tax rate	(7)	(3)
Foreign tax rates	77	22
Foreign tax losses not recognised	269	-
Adjustment in respect of prior years	(162)	290
	<hr/>	<hr/>
Total current tax charge (see above)	1,635	1,872
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Taxation (continued)

Factors that may affect future tax charges

The group has capital losses of £nil (2007: £nil) available to carry forward against future capital gains. No deferred tax liability is recognised on the revaluation of investment properties as there are no current plans to sell these properties. No deferred tax is recognised on gains deferred by rollover relief as there is no current intention to sell the assets into which the gains were rolled over.

The movement on deferred tax in the prior year includes a credit of £349,986 in respect of Industrial Building Allowances ('IBAs'). Following a change in legislation which was enacted during the year, there will no longer be a balancing adjustment to the IBA pool on the disposal of any assets which qualify for IBA's. Consequently there is no timing difference arising on the assets as the capital allowances will never be recouped on a disposal.

8 Dividends

	2008 £000	2007 £000
Final dividend paid in respect of prior years but not recognised as a liability in that year	-	-
Interim dividend paid	1,335	1,235
	1,335	1,235
Dividends	1,335	1,235

9 Intangible fixed assets

	Negative goodwill £000	Goodwill £000	Total £000
Group			
<i>Cost</i>			
At beginning of year	(5)	5,238	5,233
Additions	-	248	248
	(5)	5,486	5,481
	(5)	5,486	5,481
<i>Amortisation</i>			
At beginning of year	(5)	314	309
Charged in year	-	262	262
Impairment loss	-	248	248
	(5)	824	819
	(5)	824	819
<i>Net book value</i>			
At 31 August 2008	-	4,662	4,662
At 31 August 2007	-	4,924	4,924

Notes (continued)

9 Intangible fixed assets (continued)

Goodwill of £3,406,000 arising on the acquisition of 87.5% of Peters & May Limited is being amortised over 20 years.

Goodwill of £351,000 arising on the acquisition of the remaining 12.5% of Peters & May Limited is being amortised over 20 years.

Goodwill of £1,481,000 arising on the acquisition of 60% of Air & Ocean Shipping Inc. is being amortised over 20 years.

These businesses are long standing and well established and the directors believe the group will continue to derive financial benefit over these periods.

Negative goodwill of £5,000 arising on the acquisition of 75% of Peters & May Spain S.L. was released to the profit and loss account in line with the recovery of the non-monetary assets acquired.

Goodwill of £248,000 arising on the acquisition of the remaining 25% of Peters & May Spain S.L. has been impaired to £nil during the year.

10 Tangible fixed assets

Group	Land and buildings			Plant, machinery and motor vehicles £000	Fixtures, fittings, tools and equipment £000	Assets in the course of construction £000	Total £000
	Freehold £000	Long leasehold £000	Short leasehold £000				
<i>Cost or valuation</i>							
At beginning of year	44,285	1,385	2,137	10,043	325	389	58,564
Deficit on revaluation	(4,516)	(45)	-	-	-	-	(4,561)
Additions	616	-	74	993	193	238	2,114
Disposals	(3,182)	-	-	(295)	(11)	-	(3,488)
Transfers	198	-	-	191	-	(389)	-
Exchange differences	-	-	-	-	7	-	7
At end of year	37,401	1,340	2,211	10,932	514	238	52,636
<i>Depreciation</i>							
At beginning of year	499	-	265	6,841	199	-	7,804
Charged in year	120	-	154	1,073	48	-	1,395
Disposals	-	-	-	(255)	-	-	(255)
At end of year	619	-	419	7,659	247	-	8,944
<i>Net book value</i>							
At 31 August 2008	36,782	1,340	1,792	3,273	267	238	43,692
At 31 August 2007	43,786	1,385	1,872	3,202	126	389	50,760
<i>Depreciation in 2007</i>	<i>100</i>	<i>-</i>	<i>94</i>	<i>1,050</i>	<i>39</i>	<i>-</i>	<i>1,283</i>

Notes *(continued)*

10 Tangible fixed assets *(continued)*

Of the deficit on revaluation of £4,561,000, £1,652,000 is a charge to the profit and loss account for the current year and the balance a movement on the revaluation reserve of £2,909,000 (note 18).

The net book value of freehold and leasehold land and buildings can be analysed as follows:

	Freehold £000	Long leasehold £000	Short leasehold £000
At cost or agreed valuation under historical cost convention	34,345	791	1,792
Surplus on revaluation	2,437	549	-
	36,782	1,340	1,792
Net book value	36,782	1,340	1,792

Amounts included in the above net book value of land and buildings relating to investment properties are:

	Freehold £000	Long leasehold £000	Short leasehold £000
At 31 August 2008	26,680	1,340	-
	33,754	1,385	-
At 31 August 2007	33,754	1,385	-

The valuations of property at 31 August 2008 and 31 August 2007 were made on the basis of open market value for existing use by AC Higgitt, a director of a subsidiary undertaking who is a Fellow of the Royal Institution of Chartered Surveyors, in accordance with the guidelines laid down by that Institution.

The gross book value of freehold land and buildings includes £759,000 (2007: £759,000) of non-depreciable land.

Included in the total net book value of plant, machinery and motor vehicles and fixtures, fittings, tools and equipment is £218,936 (2007: £322,416) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £83,521 (2007: £81,419).

Notes *(continued)*

10 Tangible fixed assets *(continued)*

Company

	Land and buildings - short leasehold £000	Fixtures, fittings, tools and equipment £000	Total £000
<i>Cost</i>			
At beginning of year	46	52	98
Additions	71	22	93
	<hr/>	<hr/>	<hr/>
At end of year	117	74	191
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of year	46	46	92
Charged in year	-	3	3
	<hr/>	<hr/>	<hr/>
At end of year	46	49	95
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 31 August 2008	71	25	96
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2007	-	6	6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation in 2007</i>	5	4	9
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (*continued*)

11 Fixed asset investments

Group	Other investments other than loans £000
<i>Cost or valuation</i>	
At beginning and end of year	13
<hr/>	
<i>Share of results</i>	
At beginning of year	-
Distributed in year	-
<hr/>	
At end of year	-
<hr/>	
<i>Net book value</i>	
At 31 August 2008	13
<hr/>	
At 31 August 2007	13
<hr/>	

The company has a 50% interest in Summit Homes Limited which has been written off in full.

	Cost or valuation £000	Provisions £000	Net book value £000
Company - shares in group undertakings			
<i>Cost or valuation</i>			
At beginning of year	42,358	(3,535)	38,823
Impairment	-	(103)	(103)
Deficit on revaluation	(2,499)	-	(2,499)
<hr/>			
At end of year	39,859	(3,638)	36,221
<hr/>			
Other investments other than loans			13
			<hr/>
			36,234
			<hr/>

The amount of shares in group undertakings (included above at a valuation) determined according to the historical cost accounting rules is £15,454,000 (2007: £15,557,000).

Details of the principal subsidiaries of the company and the group are disclosed in note 28. All of the subsidiary undertakings of the company and the group are incorporated in Great Britain and registered in England and Wales, except for Peters & May Inc. (formerly Air & Ocean Shipping Inc.) incorporated in USA, Peters & May Spain S.L. incorporated in Spain, Peters & May France S.A.R.L. incorporated in France, Peters & May Germany GmbH incorporated in Germany, and Peters & May Middle East LLC and Constantine Middle East LLC both incorporated in the Emirate of Dubai.

Notes (continued)

12 Stocks

	2008	2007
	£000	£000
Group		
Raw materials and consumables	1,060	2,287
Work in progress	473	117
Finished goods	4,035	842
	5,568	3,246
	5,568	3,246

The company has no stock.

13 Debtors

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade debtors	12,655	9,528	-	-
Amounts owed by group undertakings	-	-	6,888	7,333
Group relief receivable	-	-	248	541
Deferred tax asset (see note 16)	-	-	115	151
Other debtors	575	1,321	14	-
Prepayments and accrued income	1,734	1,074	10	43
	14,964	11,923	7,275	8,068
	14,964	11,923	7,275	8,068

Other debtors of the group includes an amount of £nil (2007: £195,000) falling due in more than one year. Amounts owed by group undertakings of the company includes an amount of £700,000 (2007: £1,000,000) falling due in more than one year.

14 Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank overdraft	51	-	-	-
Term loan (see note 15)	226	154	-	-
Obligations under finance leases and hire purchase contracts (see note 15)	114	118	-	-
Trade creditors	13,327	10,524	29	66
Amounts owed to group undertakings	-	-	1,244	1,229
Corporation tax	511	1,799	-	-
Other taxation and social security	592	857	28	30
Accruals	8,929	8,073	516	1,122
Other creditors	143	326	-	-
	23,893	21,851	1,817	2,447
	23,893	21,851	1,817	2,447

The bank overdraft is repayable on demand and is secured by a charge over the freehold land and buildings of a subsidiary undertaking.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Term loans	7,772	10,596	-	-
Obligations under finance leases and hire purchase contracts	174	288	-	-
	<u>7,946</u>	<u>10,884</u>	<u>-</u>	<u>-</u>
	<u><u>7,946</u></u>	<u><u>10,884</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Constantine Limited has a term loan facility of £1.225m of which £1.0m (2007: £0.5m) was drawn down and remains outstanding at the year end. This loan is secured by a fixed charge over the freehold land and buildings of the company. On 1 September 2008 this loan was renegotiated and is now repayable in full on 31 January 2014. It carries an interest charge of 1.75% above LIBOR.

Constantine Land Limited has a £22 million revolving term loan facility of which £7.0m (2007: £10.25m) remains outstanding at the year end. The loan is secured by first legal charges over specific properties of the group, a cross guarantee with certain subsidiaries and a debenture. The term loan is repayable by 31 December 2010 and interest is charged at 1.25% above LIBOR.

Analysis of debt (excluding obligations under finance leases):

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Debts can be analysed as falling due:				
In one year or less, or on demand	277	154	-	-
Between one and two years	227	154	-	-
Between two and five years	7,545	10,442	-	-
Over five years	-	-	-	-
	<u>8,049</u>	<u>10,750</u>	<u>-</u>	<u>-</u>
	<u><u>8,049</u></u>	<u><u>10,750</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

	2008	2007
	£000	£000
Group		
Within one year	114	118
In the second to fifth years	174	288
	<u>288</u>	<u>406</u>
	<u><u>288</u></u>	<u><u>406</u></u>

Notes *(continued)*

16 Provisions for liabilities

	Deferred taxation £000
Group	
At beginning of year	461
Credit in year	(151)
	310
At end of year	310

The elements of deferred taxation are as follows:

	2008 £000	2007 £000
Difference between accumulated depreciation and capital allowances	513	472
Other timing differences	(203)	(11)
	310	461

	Deferred tax £000
Company	
At beginning of year	-
Transferred from debtors (see note 13)	151
Charge for year	(36)
Transferred to debtors (see note 13)	(115)
	-
At end of year	-

The company has a deferred tax asset of £115,000 (2007: £151,000) in respect of other timing differences.

17 Called up share capital

	2008 £000	2007 £000
Authorised		
3,850,000 ordinary shares of £1 each	3,850	3,850
	3,850	3,850
Allotted, called up and fully paid		
498,164 ordinary shares of £1 each	498	498
	498	498

Notes (continued)

18 Share premium and reserves

Group	Share premium account £000	Capital redemption reserve £000	Other reserve* £000	Investment property revaluation reserve £000	Profit and loss account £000
At beginning of year	650	3,318	227	6,517	33,254
Deficit on investment property revaluation	-	-	-	(2,909)	-
Profit for the year	-	-	-	-	1,438
Dividends paid	-	-	-	-	(1,335)
Transfers	-	-	-	(622)	622
Exchange differences	-	-	-	-	130
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	650	3,318	227	2,986	34,109
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*This has resulted from waiver of a capital loan in a subsidiary company.

Minority interest	Group 2008 £000
At beginning of year	520
Profit for the year	106
Dividend paid	(96)
Acquisition of existing minority interest	57
	<hr/>
At end of year	587
	<hr/> <hr/>

The cumulative amount of goodwill written off to the consolidated profit and loss account resulting from acquisitions made prior to December 1987 cannot be obtained without undue delay and expense. Cumulative goodwill written off to the profit and loss account since that date on acquisitions prior to 1 September 1998 amounts to £9,517,000 (2007: £9,517,000).

Company	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year	650	3,318	23,266	16,732
Profit for the year	-	-	-	1,158
Dividends paid	-	-	-	(1,335)
Deficit arising on directors' valuation of investments in subsidiary undertakings	-	-	(2,499)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	650	3,318	20,767	16,555
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The profit for the financial year dealt with in the accounts of the company was £1,158,000 (2007: profit £1,921,000).

Notes (continued)

19 Pension schemes

The group has two defined contribution pension schemes. The pension cost charge for the year in respect of these schemes represents contributions payable by the group to the schemes and amounted to £644,000 (2007: £346,000).

Contributions amounting to £17,000 (2007: £26,000) were payable to the schemes at the end of the year and are included in creditors.

The group also operated the Constantine Holdings Limited Superannuation Fund ('the Constantine Scheme'), a defined benefit pension scheme providing benefits based on final pensionable pay. The Constantine Scheme is fully funded and assets are held in a separate trustee administered fund. Formal actuarial valuations of the scheme were carried out triennially by the scheme's actuary. During 2001 the group reviewed the pension arrangements of its employees and took the decision to cease contributions to the scheme. Alternative pension arrangements were made for the remaining active membership of the scheme.

The actuarial valuation prepared as at 1 July 2000, using the projected unit method, is the most recent valuation of the Constantine Scheme. The principal assumption adopted in the valuation was that, over the long term, the annual rate of return on investments would be 2½ per cent higher than the annual increase in general salaries. The market value of the scheme's assets at 1 July 2000 was £22,200,000 and the actuarial value of those assets represented 98 per cent of the value of the benefits accrued to members allowing for expected future increases in earnings.

In January 2003 the trustees took the decision to wind up the scheme. Management reached agreement that its future contributions to discharge the group's liability in respect of the scheme would be in the region of £2,800,000 of which £500,000 was paid in 2003 and the balance paid during 2004. Any further liabilities are restricted to administrative costs capped at £225,000. The scheme has now been accepted by the Financial Assistance Scheme and hence FRS 17 disclosures are no longer required. These can be found in previous years' accounts.

20 Reconciliation of operating profit to operating cash flows

	2008 £000	2007 £000
Operating profit	3,314	5,806
Depreciation and amortisation charge	1,657	1,464
Impairment losses on properties	1,652	-
Impairment loss on goodwill	248	-
Profit on sale of tangible fixed assets	(257)	(860)
(Increase)/decrease in debtors	(3,841)	2,961
(Increase)/decrease in stocks	(2,322)	413
Increase/(decrease) in creditors	3,605	(1,961)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,056	7,823
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

21 Analysis of cash flows

	2008	2007
	£000	£000
Returns on investment and servicing of finance		
Interest received	364	411
Interest paid	(673)	(1,083)
Interest element of finance lease rental payments	(17)	(20)
Dividends paid to minority interest	(96)	-
	(422)	(692)
	(422)	(692)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,114)	(1,904)
Sale of tangible fixed assets	4,290	11,206
	2,176	9,302
	2,176	9,302
Acquisition		
Purchase of existing minority interest and subsidiary undertakings (note 23)	(422)	(2,515)
Cash acquired with subsidiary	-	588
	(422)	(1,927)
	(422)	(1,927)
Financing		
Debt due within one year:		
Repayment of bank and term loans	(227)	(154)
Debt due after more than one year:		
Repayment of bank and term loans	(3,250)	(10,425)
New bank and term loans	725	-
Capital element of finance lease rental payments	(118)	(107)
	(2,870)	(10,686)
	(2,870)	(10,686)

Notes (continued)

22 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non-cash changes £000	At end of year £000
Cash in hand, at bank	7,314	(1,689)	-	5,625
Bank overdraft	-	(51)	-	(51)
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due after one year	7,314	(1,740)	-	5,574
Debt due within one year	(10,596)	3,250	(426)	(7,772)
Finance leases	(154)	(498)	426	(226)
	(406)	118	-	(288)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,842)	1,130	-	(2,712)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23 Acquisitions

The group acquired the remaining 25% of the issued share capital of Peters & May Spain S.L. in May 2008. The resulting goodwill of £248,000 was capitalised.

	Book and fair value £000
Peters & May Spain S.L.	
25% of net liabilities at May 2008	(57)
Goodwill	248
	<hr/>
Purchase consideration and costs of acquisition	191
	<hr/> <hr/>
	£000
Satisfied by:	
Cash	191
	<hr/> <hr/>

Notes (*continued*)

24 Commitments

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

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Contracted	130	863	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

b) Commitments to make payments under operating leases during the forthcoming year are as follows:

Group	2008		2007	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	57	112	49
In the second to fifth years inclusive	96	41	96	66
Over five years	273	-	273	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	369	98	481	115
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	2008 £000	2007 £000
Company – Land and buildings		
Operating leases which expire:		
Within one year	-	30
In the second to fifth years inclusive	-	-
	<u> </u>	<u> </u>
	-	30
	<u> </u>	<u> </u>

25 Contingent liabilities

Certain subsidiaries have given guarantees to HM Customs & Excise totalling £15,500 (2007: £15,500).

26 Fair value of assets and liabilities

In accordance with its accounting policies the Group has not recognised any of its financial assets or liabilities at fair value. The fair value and carrying value are deemed not to be significantly different except for derivative financial instruments held by the Group.

The fair value of the interest rate swap at the year end is a loss of £45,418 when measured using the market price.

Notes (continued)

27 Post balance sheet events

On 19 September 2008 Peters & May Limited acquired the entire issued share capital of Simtex International Limited.

28 Principal subsidiaries

Of the company

Constantine Land Limited
The Explorer Group Limited
Constantine Limited
Peters & May Limited
Constantine Logistics Limited

Nature of business

Property investment and management
Caravan and motorhome manufacturer
Packing, handling, transportation and storage services
Freight forwarders and packers
Property investment

Of group subsidiaries

Constantine Property Management Limited
Peters & May (Dangerous Goods) Limited
Peters & May Inc. (formerly Air & Ocean Shipping Inc.)
Peters & May Spain S.L.
Peters & May France SARL
Peters & May Germany GmbH
Peters & May Middle East LLC
Constantine Middle East LLC

Property management
Transportation and handling of dangerous goods
Freight forwarders
Freight forwarders
Freight forwarders
Freight forwarders
Freight forwarders
Packing, handling, transportation and storage services

In each case the group's interest is in 100% of the ordinary shares of the company, except Peters & May Inc. (formerly Air & Ocean Shipping Inc.) where 60% of the ordinary shares are held.

In addition the company holds the entire issued share capital of a further 2 companies directly and 19 companies indirectly.