

Directors

S. P. SHERRARD
(Chairman)

J. M. GOURLAY
(Deputy Chairman)

SIR MICHAEL BIBBY, Bt.
(Managing Director)

J. HAYMER

D. A. ROBERTSON

J. M. SMITH

G. J. MORRIS

T. H. J. DE PENCIER

Secretary

BIBBY BROS. & CO. (MANAGEMENT) LIMITED

Registered Office

105 Duke Street

Liverpool L1 5JQ

Incorporated in England and Wales

(Registered Number 34121)

Auditors

KPMG LLP

8 Princes Parade

Liverpool L3 1QH

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Bibby Line Group Limited will be held at the Head Office, 105 Duke Street, Liverpool L1 5JQ at 2.30 p.m. on 25 May 2006 for the following purposes:

1. To receive and adopt the attached Directors' Report and Financial Statements for the year ended 31 December 2005;
2. To declare a final dividend on the Ordinary £1,000 shares of £101 per share;
3. To re-elect the following Directors who are retiring by rotation:
S P Sherrard
T H J de Pencier
4. To re-appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration;
5. To transact any other ordinary business.

By order of the Board

BIBBY BROS. & CO. (MANAGEMENT) LIMITED

Secretary

105 Duke Street
Liverpool
L1 5JQ

31 March 2006

Note

Ordinary shareholders only are entitled to attend and vote at this Meeting. Any such shareholders may appoint one or more proxies to attend and, on a poll, vote instead of them. A proxy need not be a member of the Company.

Chairman's Statement 2005

The financial results for the Group for 2005 were a new record, reflecting the highest ever level of underlying trading profit, together with the profit on the sale of our fleet of LPG tankers during the first half. The Group is now in a strong position to implement its strategies across all its divisions.

Financial Results

Turnover increased from £253.7m in 2004 to £291.1m in 2005 reflecting organic growth in all our businesses and the acquisition of Hammond Logistics.

Profit before tax was £37.4m (2004 £11.8m) with operating profit, which more realistically reflects the underlying business, rising to £16.9m (2004 £13.5m) with operating margins at 5.81% (2004 5.32%).

The financial results for the year benefited substantially from the profit on the sale of the LPG tankers. Operating profit was held back by difficult trading conditions in the domestic Distribution and Factoring markets. Of particular note is the improved liquidity within our businesses and a reduction in our loans from £260.4m to £233.7m notwithstanding the growth in our Financial Services business with its accompanying £25.0m increase in borrowings.

The cancellation of 92 shares advised last year results in earnings per share rising by 5% irrespective of changes in profitability.

Dividend

The Directors are recommending a final dividend of £101 per share, which, together with the interim dividend of £52 per share, makes a total dividend payable in 2006 of £153 per share, an increase of 10% on 2005.

Group Strategy

The markedly improved liquidity position within the Group, which within our Marine business is a result of the asset sales, within our Distribution business through the good management of our financial resources and within our Financial Services business, the result of a restructuring of the way in which the division is financed, is enabling all of our businesses to seek acquisition opportunities and, in the case of Marine, additional trades and activities.

The Directors have concluded that the strength of our balance sheet allows us to consider expanding further the Group and we are, therefore, actively looking for an acquisition to constitute a fourth arm.

Operations

Within our Financial Services business, the re-organisation, which was implemented in 2004, achieved its objectives and we managed to make progress in our domestic Debt Factoring business, notwithstanding the continuing flat market.

In the United Kingdom, we extended our Asset Finance activities through the acquisition of Leeds Leasing.

Considerable progress was made in our overseas Debt Factoring businesses with substantial growth being seen in Australia and the United States, where we are now operating out of 4 locations, and the opening of a business in France and a representative office in Eire. A key feature of the year was the re-organisation of our banking facilities which has given the Division increased flexibility in all of the countries in which it operates.

Bibby Distribution continued to suffer from the very difficult conditions in the retail market which is causing margin pressures throughout the supply chain from which our business cannot be

immune. The acquisition of Hammond Logistics, which took place in March, has proved to be a success. During the year it was decided to merge the two shared-user networks which will take place during the first half of 2006. A major highlight was the signing of a new five year contract with Nisa Today's, a customer with whom we have been trading since 1985.

Bibby Line saw considerable activity on several fronts which is detailed in the Managing Director's Review of Operations. Apart from the sale of the LPG fleet, of particular note is the success we are having in the Diving Support Vessel market which is benefiting from the high level of activity in the oil service industry. We have become, in the space of two years, a recognised participant in this market place, particularly in the North Sea, and we have committed to make a further major investment to expand our operations.

Health and Safety

We have within our Distribution and Marine businesses activities which provide the opportunity for accidents to occur perhaps with environmentally damaging consequences. We therefore devote considerable attention to our health, safety and quality practices and I am pleased to report that during 2005 we saw progress in this area across the Group. Of particular note is our chemical tanker, Stolt Devon, which at the time of writing has been over 3,100 days without a lost time incident. Encouraging trends are also beginning to emerge in the level of personnel and vehicle related accidents in our Distribution business.

Staff

Reflecting the period within which we live, our Group is experiencing change at an ever increasing pace. This can often be unsettling for our staff who have responded magnificently to the challenges and all of whose efforts have contributed to the strong position in which the Group finds itself today. On behalf of the Board I should like to thank them all very much for their hard work.

Bicentenary

The Group will be celebrating its bicentenary in 2007 and the planning for events, which will involve our staff, customers and shareholders, is already taking place. In this day and age, it is extremely rare to find an organisation which is 200 years old and yet still substantially owned by the descendants of the original founding family. It is our intention that all those involved in our current success should have an opportunity of being involved in our celebrations.

Outlook

During the course of 2004 and 2005, all of our businesses were re-organised in terms of management structure to enable them to embark on the next phase of growth. We now believe that we have a solid platform on which to build. While we have our challenges, particularly of margin pressure in the Distribution industry and lack of growth in the United Kingdom Factoring market, the Group is in good heart and has both the financial and people resources to move forward.

While our financial results for 2006 are unlikely to match those of the previous year owing to the absence of asset sales, we believe that we are well placed to deliver satisfactory growth from our underlying trading activities.

31 March 2006

Review of Operations 2005

Following a poor performance in 2004 we have produced record results in 2005. Although significantly enhanced by the profit on the sale of the LPG carriers, the 2005 results also show a material improvement in the underlying trading position. The cost savings expected from the re-organisation of our UK factoring division in late 2004 have been delivered and our international expansion within that division continued at a pace. Marine benefited from strong offshore and shipping markets but also turned the coastel accommodation barge business around with significant long-term fixtures to the Dutch government and several shorter-term fixtures in Scandinavia. Margins within the UK distribution market remained extremely competitive owing to the difficulties of retailers as retail prices remained flat but input costs continued to rise. This has however provided opportunities to achieve synergies through acquisition as shown by the Hammonds acquisition in March 2005.

The recurrent theme across all business units in 2005 has been to "Build the platform for profitable growth". Focus on improving risk management, combined with refinancing our balance sheet and removing Holding Company guarantees has given us the security and available finance to aggressively build the business in high growth areas through organic growth and acquisition.

Better risk management allows us to understand the risks we are taking so that we can properly price and manage the business we undertake. It also allows us to identify new areas where we can apply the skills and understanding necessary to make a good return. Senior management have been brought in to strengthen this area, internal audit processes have been bolstered and procedures improved. In addition considerable training has been undertaken at all levels of the organisation. What has emerged is a more professional, better-managed organisation hungry to take on the right risks!

Fundamental to our ability to more aggressively grow through acquisition was the repositioning of our finances. During 2005 Financial Services refinanced its UK factoring book raising the gearing to be able to borrow up to 90% of the debts factored and dropping the Holding Company guarantees. Marine used the funds from vessel sales to repay debt so that by the year-end liquid funds were roughly equal to the remaining debt on the assets, with no remaining Holding Company guarantees on the main facilities. Given that Distribution has no Holding Company guarantees on its banking facilities and its profits roughly convert into cash each Division now has the firepower to reinvest through more aggressively acquiring companies or assets. The release of the guarantees has also freed up the equity within the Holding Company. These funds are to be targeted at investments outside the current business activities where we can back strong management teams in businesses with high growth potential, when we can understand the key business risks. A key objective is however to remain a trading company and majority control will be sought to ensure this tax status is maintained.

During 2005 the company ensured that shareholders were also able to benefit from the strong markets and a share buy back was successfully completed at nearly double the price the shares were previously trading at.

FINANCIAL SERVICES

Parts of the business experienced tremendous growth whilst the UK factoring business continued to come under strong competitive pressure as the mainstream banks continued to reduce margins to try to place further funds.

Our response has been to develop our product range to offer higher value services to niche sectors of the market and ensure that we deliver the planned savings in our cost base. Significant

Review of Operations 2005

progress was achieved on both fronts in 2005. Non-recourse factoring, confidential finance, recruitment finance, construction finance and ID Plus were all launched in the year. Bibby Management Services also extended their product range to include HR Consultation and BACS payments. In addition the acquisition of Leeds Leasing extended our relaunched Asset Finance offering into small ticket leasing giving a critical mass to this operation.



The Leeds Leasing Team

In the UK the debt factoring market has matured with very low growth rates now being experienced however invoice discounting and international factoring of exports continue to grow. These areas are now making a significant contribution to the overall business.

The Operations team has made progress in developing our risk management procedures and reducing bad debt. This process was greatly enhanced by the recruitment of Mark Hartigan as Risk Director part way through the year. Procedures are of limited use without the right people and considerable effort has been focused on developing the right team and culture within the business. The implementation of group wide briefs, employee road shows, suggestion schemes and business conferences, to name a few, have resulted in an engaged team who know where we want to go, why, what part they play and how we are progressing on that

journey. The talent within our team has been recognised by the outside world: Ed Rimmer (Regional Director – UK Factoring) was awarded IOD Young Director of the Year in Manchester and Greg Charlwood (CEO Bibby Factors Australia) appointed Chairman of the IFD in Australia & New Zealand.



Bibby Financial Services receive their 2005 Award

Better products have therefore been combined with better service delivery at reduced cost. This has not only resulted in greatly enhanced profits but once again being awarded “Best Factor & Discounter 2005” by the Commercial Finance industry. A significant achievement in itself but only the first step in a continuing process.

The investment in developing our operations outside the UK is now starting to bear fruit. Tremendous growth has been experienced in the USA and Australia, while a new branch office has been opened in Poland and Bibby Factors France has been launched in Lyon. A move has also been made into Eire.

The USA and Australian businesses have now established themselves as dynamic new players in their respective markets attracting high quality individuals to join our team thus allowing us to aggressively roll out our product offering across these regions. A new base was set up in Dallas and sales offices opened in such places as St. Louis.

Review of Operations 2005

DISTRIBUTION

Our core strategy continues to be to build the profitability of this business through organic growth of the existing business, developing into new business areas, acquisition and improved productivity.

Organic growth

Excellent service levels were maintained for our customers with good trading performances from our contracts with Milk Industry Logistics, Budweiser, Tetrosyl, Sainsbury's, Kellogg's and many of our smaller contracts. A major achievement was the renewal of the NISA-Today's contract for a further five years. Although this was at reduced margins, risk and equity commitments were taken out of the contract. Major new business wins were gained with companies such as Revlon, Ultraframe and Ineos.



Renewal of the NISA-Today's contract

New business areas

The Hammonds acquisition brought new sectors into the company's portfolio (see below) but progress was also made into developing a new pan European alliance to be launched in early 2006. Our freight forwarding business also had a very successful year bringing real benefits across the whole of our customer base. Significant opportunity is seen to develop this area of the business.

Acquisition

The distribution market was challenging with margin pressure, low growth and competitor consolidation being continuing trends in the UK. Against this background our strong balance sheet and good cash flow has allowed us to identify several potential acquisitions at reasonable prices. Hammond Logistics was purchased in the first quarter of 2005 not only allowing us to take overhead and operational synergies but bringing with it good management, IT systems, a profitable Contract Network and a strong presence in the Automotive and Paper/Packaging sectors. The costs of integrating the two businesses has been expensed during the year as they were incurred.



Bibby Distribution acquire Hammonds

Improved productivity

The next day pallet delivery service continued to suffer from high fuel costs, a competitive market and a low density of delivery/collections. Action has been taken to reduce the costs in this area and integrate the relevant depots with Bibby Route One (our specialist ceramics and crystal ware activity) in a new distribution centre at Meir. Improved performance is expected in 2006.

Driver shortages remain a concern but good use has been made of alternative European sources and the culture has been improved to reduce labour turnover. This has also reduced agency usage and improved the Health and Safety record both on the road and in the warehouses.

Review of Operations 2005

Overheads reduced from 15% of turnover in 2004 to 14% in 2005 despite the integration costs identified earlier.

Corporate organisation

The division has been reorganised to release the Chief Executive and Chief Financial Officer to focus on strategic developments and acquisitions passing the operational day-to-day responsibilities to the Chief Operating Officer and an Operating Board. The process has allowed the supporting management to take on increased responsibility for the service delivery to their respective customers. At the same time corporate governance has been improved with upgraded internal auditing and revised operating procedures to ensure any weaknesses are spotted earlier and corrective action is undertaken in good time.

MARINE

The marine activity is now split into three distinct business units – Shipping, Offshore and Accommodation Services. Taking each of these activities in turn:

Shipping

The shipping markets continued to boom in 2005 with demand from the US, China and India outstripping the supply of ships in most sectors. However warning signs started appearing as the massive order book for new vessels started to be delivered from the shipyards and the cost of new vessels started to fall due to lower steel prices. The decision was therefore taken to dispose of the three LPG tankers and the 2 non-core chemical tankers to capitalise on the high asset prices before any downturn occurred. This generated significant profits and cash during the year.

The remaining three chemical tankers' performance did not fully reflect the improved market due to the bareboat rate and some offhire on the Stolt Dorset. The 53,000dwt bulk carrier being built in Vietnam is being built to a high standard and is scheduled for delivery in Q3 2006.

The 25% investment in Foreland, which has 6 Ro Ro's on a PFI contract to the UK government is performing well with no service issues and a stable contract base. Given the high level of service BIS (our management services business) was able to renew the manning contract with Foreland for a further 5 years.

Offshore

High oil prices reflect the need to pump every available drop of oil out of the ground to meet the demand for the product. This has in turn created a strong demand for the repair, maintenance and construction of offshore assets, which has ensured good utilisation and rates for our diving support vessels (DSV's) and jack-ups.

The DSV and FPSO management business in Aberdeen has now achieved a real presence in the marketplace delivering a high quality, safe, flexible service tailored to the oil companies' needs. A major step forward was taken in August when the newbuild Bibby Sapphire was delivered on long term charter to be converted into a diving support vessel in 2006. She traded as a construction support vessel for the remainder of 2005, will spend 4 months being converted in 2006 and should deliver a real contribution to our bottom line from Q3 2006 onwards.



Bibby Sapphire

Review of Operations 2005

Alliances were developed in 2005 to extend our FPSO management capability to help secure further work in this area in future years. The Alba FSU contract continues to deliver exceptional service levels to ChevronTexaco.

The jack-ups continued their long-term charters in the Middle East however Trident Bibby One results suffered due to a technical problem in the last quarter. This did however allow us to complete the bulk of the drydock work in 2005 rather than as planned in 2006 thereby minimising the time offhire.

Accommodation Services

The turnaround of the coastel fleet was completed by the year-end with the sale of the smaller and older units and the start of the charters of two larger units to the Dutch Government as floating detention centres. Several shorter-term charters were also secured in Scandinavia.

Divisional

The cash from the vessel sales has been retained within the Marine Division and utilised to pay down their bank debt while we review options to utilise funds. In cyclical markets waiting for the right time to reinvest is critical to making an adequate return in the long term. The business is focused on understanding these cycles and professionally assessing the right time to invest. Skills have been developed to ensure professional project management when implementing these decisions. Management and procedures have been strengthened throughout the Division to be able to mitigate the risk in any new investment to ensure we get a suitable return to give us the confidence to invest going forward.



Stolt Kent

The improved culture was evidenced by improved staff survey feedback, ISO 9001 accreditation and an excellent Health & Safety performance. 50 % of the vessels had by the year-end completed over 1,000 days without a Lost Time Incident with one vessel exceeding 3,000 days!

CONCLUSION

For the first time that I can remember we now have the funds, systems, procedures and people to aggressively grow the business in our existing and new markets. This is a great challenge which should create exciting opportunities for everyone associated with the company!

Sir Michael Bibby, Bt.
Managing Director

Directors' Report 2005

The Directors present their report and audited financial statements for the year ended 31 December 2005.

Activities of the Group

Bibby Line Group is a business-to-business services group involved in shipowning and operation, shallow water accommodation, oil field services, contract logistics and financial services.

Group Results

The Group profit for the year after taxation amounts to £27,675,000 and £27,417,000 has been retained.

Dividends

The Directors recommend that a final dividend of £101 per share be paid to the holders of the £1,000 Ordinary Shares on 26 May 2006. This dividend, with the interim dividend of £52 per share paid on 3 January 2006, will constitute a total dividend for the year ended 31 December 2005 of £153 per share (2004 - £139 per share). Dividends on the Preference Shares were paid on 30 June 2005 and 30 December 2005.

Corporate Governance

The Group strives to maintain the highest standards in Corporate Governance and bases its actions on the principles of openness, integrity and accountability. Where relevant and practical for a privately owned group of its size, the Board seeks to implement the Combined Code on Corporate Governance which is prescribed for publicly quoted companies. In this respect the Board has a Nomination Committee, a Remuneration Committee and an Audit Committee.

Remuneration Committee

The members of the Remuneration Committee are appointed by the Board from the non-executive Directors of the Company. They presently comprise Mrs J. M. Smith (Chairman), Mr J. M. Gourlay, Mr G. J. Morris and Mr S. P. Sherrard.

In determining the remuneration package of the executive Directors and any Managing Director of a main operating subsidiary the committee has regard to:

- The importance of recruiting and retaining management of the quality required.
- Aligning the objectives of management with those of the shareholders.
- Giving every encouragement to enhancing the Group's performance through innovation and achievement in the very competitive markets in which the Group operates.

All Executive Directors have service contracts with the Company which are terminable within twelve months by either party.

Details of individual Directors' remuneration is given in Note 4 to the financial statements.

The Group operates a Long Term Incentive Plan for the executive Directors of the Group Board and certain executive Directors on the boards of the main three operating subsidiaries.

Notional units are allocated to members of the Plan each year of a value proportionate to their salary by the Remuneration Committee. Dependent upon certain financial criteria being met these units are then available to be redeemed for cash three years later. For those people assessed against the Group performance the financial test is growth in published net worth. Units are available for redemption on a pro-rata basis for growth between 6% and 15% per annum. The scheme for the Group Managing Director is similar, but based on a 10 year time period.

Audit Committee

The members of the Audit Committee are appointed by the Board from the non-executive Directors of the Company. They presently comprise Mr J. M. Gourlay (Chairman), Mr S. P. Sherrard, Mr G. J. Morris and Mrs J. M. Smith. The principal functions of the committee are to review the Group's published financial statements, the findings of the Group internal audit function and the conduct of the external audit. The committee has met twice this year with the external auditors.

Directors and their Interests

The Directors of the Company during the year were:

Non-executive

John Malcolm Gourlay
Graham John Morris
Simon Patrick Sherrard
Jennifer Margaret Smith

Executive

Michael James Bibby
Jonathan Haymer
David Albert Robertson
Theodore Henry John de Pencier

Directors' Report 2005

The beneficial interests of Directors in shares of the Company were as follows:

	31 December 2005	1 January 2005
	No.	No.
S. P. Sherrard		
£1,000 Ord. Shares	16	17
J. M. Gourlay		
£1,000 Ord. Shares	2	2
Sir Michael Bibby		
£1,000 Ord. Shares	70	61
£100 Pref. Shares	20	20
J. M. Smith		
£1,000 Ord. Shares	32	32
£100 Pref. Shares	20	20
J. Haymer		
£1,000 Ord. Shares	2	2
G. J. Morris		
£1,000 Ord. Shares	1	1
D.A. Robertson		
£1,000 Ord. Shares	1	1
£100 Pref. Shares	20	20

In addition to the above beneficial shareholdings Sir Michael Bibby has an interest in 1,373 £1,000 Ordinary Shares and 995 £100 Preference Shares and Mrs J. M. Smith has an interest in 1,373 £1,000 Ordinary Shares and 862 £100 Preference Shares, held in trust for the joint benefit of the Bibby families. These interests were unchanged during the year.

None of the other Directors has any other interest in the share capital of the Company.

Bibby Bros. & Co. (Management) Limited holds appointments as Secretary to the Company and its subsidiaries. Mr. J. Haymer and Sir Michael Bibby are Directors of Bibby Bros. & Co. (Management) Limited.

Development of Business

The Group continued to pursue further opportunities in all areas of its activities and further details are given in the Chairman's Statement and the Review of Operations.

Purchase of own Shares

Following an offer to tender made to all ordinary shareholders, the Group agreed at an Extraordinary General Meeting on April 11, 2005, to purchase and cancel 92 ordinary shares of £1,000 each, representing 4.8% of the issued ordinary share capital. The aggregate consideration paid, with attendant costs, was £2,102,475. The repurchase was initiated to enable minority shareholders to realise the value of their shareholding in what is otherwise an illiquid market and to enable the Group to save the administration time and costs involved in dealing with the minority.

Employment Policies

The Group is committed to the continuing development of effective employee communication, consultation and involvement, including the regular publication of company magazines.

It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance. The policy of the Group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a Group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

Political and Charitable Donations

On Boxing Day of 2004, the world experienced the catastrophic effects of a Tsunami in South East Asia. Led by the desire of the Group's employees to make a meaningful contribution to the rebuilding of the region, the Group raised £34,316, of which £14,633 came from its employees and the rest was contributed by the Group. This money has been applied to two specific projects that are each directly assisting in the rebuilding of the region. One is the building of a trauma centre in Kalmunai, Sri Lanka which is being overseen by the Rotary Club and their contacts in that area. This centre is desperately needed to assist in dealing with the personal tragedies left after the disaster in the area. The other project, being overseen by the YMCA organisation in St. George Fort, Chennai, India, is the establishment of an orphanage in that area to help deal with the welfare and education of the many children who have been left orphaned by this terrible event.

Other than the money raised for the Tsunami disaster, the Group contributed £18,107 to charities.

These contributions are made either to charities that are directly related to the business activities of the Group or to charities that the employees of the Group have a personal commitment towards. As well as these cash contributions, the Group actively encourages its employees to be involved in local community initiatives, many of which are charitable by nature. The Group continued its support of Transaid during the year, a UK based charity which works to put suitable transport solutions in place in areas of the world where little or no infrastructure exists.

No political donations were made during the year.

By order of the Board

Bibby Bros. & Co. (Management) Limited

Secretary

31 March 2006

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 the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards.

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 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 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 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 a 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.

Independent Auditors' Report to the Members of Bibby Line Group Limited

We have audited the group and parent company financial statements (the "financial statements") of Bibby Line Group Limited for the year ended 31 December 2005 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 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. 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 misstatement 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.

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 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor
Liverpool

31 March 2006

Group Profit and Loss Account

year ended 31 December 2005

	Note	2005 £000	2004 £000 as restated (note 2)
Turnover	3	291,095	253,667
Cost of sales		(241,717)	(214,380)
Gross profit		49,378	39,287
Administration expenses		(32,472)	(25,789)
Group operating profit		16,906	13,498
Share of operating profit from joint ventures		3,958	3,925
Total operating profit		20,864	17,423
Profit on disposal of fixed assets	6	20,146	380
Profit on ordinary activities before interest		41,010	17,803
Interest receivable and similar income	7	2,452	1,822
Interest payable and similar charges	8	(6,075)	(7,780)
Profit on ordinary activities before taxation	3, 9	37,387	11,845
Tax on profit on ordinary activities	10	(9,712)	89
Profit for the financial year		27,675	11,934
Dividends paid	11	(258)	(242)
Retained profit for the year	22, 23	27,417	11,692

The above results are in respect of continuing operations.

The Parent Company has not presented its own profit and loss account as permitted by Schedule 4, Section 230 of the Companies Act 1985. The Parent Company made a profit for the financial year of £1,320,000 (2004 - £4,470,000).

Statement of Total Group Recognised Gains and Losses

year ended 31 December 2005

	Note	2005 £000	2004 £000 as restated
Profit for the financial year		27,675	11,934
Actuarial loss on pensions		(626)	(3,401)
Deferred tax credit on actuarial loss on pensions		188	1,020
Currency translation differences on foreign currency net investments	22, 23	2,783	(1,026)
Total gains recognised relating to the year		30,020	8,527
Prior year adjustment	2	(11,355)	
Total gains recognised since last annual report		18,665	

The notes on pages 15 to 31 form part of these financial statements.

Balance Sheets

at 31 December 2005

	Note	Parent Company		Group	
		2005 £000	2004 £000 as restated (note 2)	2005 £000	2004 £000 as restated (note 2)
Fixed Assets:					
Intangible assets	12	-	-	9,368	4,353
Tangible assets	13	231	230	78,060	134,172
Investments	14	76,741	73,466	2,804	2,356
Interest in joint ventures - Share of gross assets		-	-	51,240	50,064
- Share of gross liabilities		-	-	(48,864)	(48,093)
- Share of net assets		-	-	2,376	1,971
		<u>76,972</u>	<u>73,696</u>	<u>92,608</u>	<u>142,852</u>
Current Assets:					
Stock	15	-	-	819	261
Debtors	16	11,334	8,849	517,746	464,246
Cash at bank and in hand		12,002	15,851	45,140	34,273
		<u>23,336</u>	<u>24,700</u>	<u>563,705</u>	<u>498,780</u>
Creditors (amounts falling due within one year)	17	<u>(10,811)</u>	<u>(7,859)</u>	<u>(262,583)</u>	<u>(277,240)</u>
Net current assets		<u>12,525</u>	<u>16,841</u>	<u>301,122</u>	<u>221,540</u>
Total assets less current liabilities		<u>89,497</u>	<u>90,537</u>	<u>393,730</u>	<u>364,392</u>
Creditors (amounts falling due after more than one year)					
	18	154	154	219,805	223,808
Provisions for liabilities and charges	20	-	-	28,908	23,176
Net pension liability	27	-	-	11,304	11,355
		<u>154</u>	<u>154</u>	<u>260,017</u>	<u>258,339</u>
Capital and Reserves:					
Called-up share capital	21	1,828	1,920	1,828	1,920
Capital redemption reserve	22	445	353	445	353
Profit and loss account	22	87,070	88,110	131,440	103,780
Total shareholders' funds	3, 23	<u>89,343</u>	<u>90,383</u>	<u>133,713</u>	<u>106,053</u>
		<u>89,497</u>	<u>90,537</u>	<u>393,730</u>	<u>364,392</u>

Approved by the Board on 31 March 2006

SIR MICHAEL BIBBY, Bt.

Directors

J. HAYMER

The notes on pages 15 to 31 form part of these financial statements.

Group Cash Flow Statement

year ended 31 December 2005

	Note	2005	2004
		£000	£000
Net cash inflow from non-financial services			
operating activities	24	2,961	20,505
Net cash (outflow)/inflow from financial services			
operating activities	24	(15,961)	10,307
Net cash (outflow)/inflow from all operating activities	24	(13,000)	30,812
Returns on investments and servicing of finance:			
Interest received		2,140	1,274
Interest paid		(3,479)	(4,767)
Dividends received from third party undertakings		121	131
Dividends paid on non-equity shares		(15)	(15)
Dividends received from joint venture		1,016	991
		(217)	(2,386)
Taxation:			
UK Taxation		(3,280)	25
Overseas Taxation		(758)	(21)
		(4,038)	4
Capital expenditure and financial investment:			
Purchase of tangible fixed assets		(16,255)	(12,616)
Sale of tangible fixed assets		90,262	2,305
Purchase of fixed asset investments		(1,079)	(564)
Sale of fixed asset investments		1,084	466
Sale of joint venture		-	136
		74,012	(10,273)
Acquisitions and disposals:			
Purchase of the net assets of a business		-	(4,161)
Purchase of subsidiaries		(8,644)	(200)
Deferred consideration		(1,389)	-
		(10,033)	(4,361)
Equity dividends paid		(258)	(242)
Cash inflow before financing		46,466	13,554
Financing:			
New loans		186,727	62,118
Repayment of amounts borrowed		(221,838)	(69,100)
Share repurchase		(2,102)	-
Capital element of finance lease rental and hire purchase payments		-	(3)
	25, 26	(37,213)	(6,985)
Increase in cash	25, 26	9,253	6,569

The notes on pages 15 to 31 form part of these financial statements.