

30 June 2009



**DouglasBay Capital plc (AIM: DBAY)
(formerly LITplc)**

**Change of name from LIT plc to DouglasBay Capital plc
("DouglasBay" or "the Company")**

**Final results for the period from incorporation (May 2008) to 31 December 2008,
including three months of TDG plc (acquired 1 October 2008)**

As a result of the acquisitions and the subsequent integration and restructuring of TDG in particular, we have taken longer to report results to shareholders than would normally be the case. In future years we intend to announce preliminary final results in April with the Annual Report and Notice of Meeting sent to shareholders in May. It is our intention to announce half year results in September, starting from this year.

Highlights

- The revenue for the period was £176 million, with underlying operating profit of £10.3m and net assets of £101.4 million
- Flotation of DouglasBay Capital on AIM
- Successful acquisition of TDG, a major European logistics company
- TDG management team in place to help realise value
- Commenced implementation of TDG restructuring plan

David Panter, Chairman, said, "We are encouraged by the progress within TDG and although its markets will remain challenging, actions already taken to streamline operations, together with the wide spread of customers and services, have created a much leaner business with a high degree of resilience. Similarly, we are working hard to maximise the value inherent in TLIT's wider, but non-core, investment portfolio. Looking forward, current economic conditions are generating a number of transaction opportunities both within the logistics sector and elsewhere, and I hope to be able to report further progress on this front during the second half of the current financial year."

Alex Pausco, Chief Executive Officer said, "We are very pleased with TDG and its management team, which is on course to realising our vision of transforming TDG into Europe's most successful provider of specialised supply chain services. We are also on track to enhance and realise value from the extensive property portfolio the group owns following the acquisition of TDG. For a value investor like us this is a very exciting environment. As an investment holding company with no management or performance fees, our interests are fully aligned with those of our shareholders. With no defined holding periods and the ability for a flexible and quick deal structure, we believe we can continue to make value-enhancing investments, in particular with companies which share our culture and vision."

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Chairman's Statement

I am pleased to report to shareholders that DouglasBay Capital plc (formerly LIT plc) has made good progress since its shares were admitted to AIM on 2 October 2008. These maiden final results cover the period from incorporation on 20 May 2008 to 31 December 2008. Only three months of this period include the acquisitions that triggered admission to AIM.

Change of name

The name of the Company has been changed to DouglasBay Capital plc, a name that captures our geographical location on the Isle of Man.

Financial calendar

As a result of the acquisitions and the subsequent integration and restructuring of TDG in particular, we have taken longer to report results to shareholders than would normally be the case. In future years we intend to announce preliminary final results in April with the Annual Report and Notice of Meeting sent to shareholders in May. It is our intention to announce half year results in September, starting from this year.

Investment strategy

DouglasBay's objective is to provide shareholders with a combination of income and capital growth over time through the acquisition and revitalisation of quoted and unquoted companies.

Due to the weakness in stock markets and the global economy, we believe there are now various opportunities to acquire undervalued smaller and medium sized companies with strong asset base and positive cash flows.

We are value investors and seek to obtain full or partial control and then, working with management, utilise our financial and operational expertise to enhance returns and create shareholder value. We will not excessively leverage our assets, which although ratcheting returns on equity when times are good, creates significant financing risk in downturns.

This approach is a natural progression from the core activist investor philosophy of our seed investor, funds managed by Laxey Partners, to a model where we work alongside existing management to actively assist the value creation process.

The year in brief

It was an extremely busy year for the Company, commencing with the run up to the acquisitions of TDG and The Laxey Investment Trust (TLIT), our admission to the AIM market of the London Stock Exchange in early October and, in the last quarter, the successful transition of TDG from public to private ownership.

In the current year we have reacted quickly and decisively to the challenging market conditions faced by TDG. We have worked with TDG's management to create a slimmer, more agile and more cost effective operating structure for the business with a sharper response to customers needs and an absolute focus on winning more of customer business. These achievements illustrate well the broad range of financial and operational expertise that forms the core of DouglasBay's management approach.

Results

The results include those for LIT plc, now renamed DouglasBay Capital plc, from its incorporation on 20 May 2008 until 31 December 2008, the results of TDG from its acquisition on 1 October 2008 until 31 December 2008, and the results of TLIT since its acquisition on 1 October 2008 until 31 December 2008.

The revenue for the three month period was £176.1m, with an underlying operating profit of £10.3m and a loss after tax, restructuring charges and intangible impairment of £9.5m. A review of these results is set out below.

Dividends

As a consequence of the short period that the Group existed during the year, the Board is not recommending payment of a dividend for the year ended 31 December 2008.

It is the Board's intention to review the dividend policy each year, taking into account the investment requirements of our businesses, our cash resources and of course the wishes of shareholders.

TDG

TDG was DouglasBay's first major acquisition and provides an excellent case study of our active value approach. The acquisition was driven by two key considerations – firstly, TDG is a strong and profitable business but one with a strategy that we believe is capable of more rapid acceleration; and secondly, TDG's extensive freehold property portfolio creates an attractive arbitrage opportunity and potential to enhance shareholder value.

Our strategy, developed in conjunction with management, is working to unlock value in both these areas and though the business continues to face testing market conditions, we are making good progress. Further details are set out below in the Investment review.

It is our vision to enable TDG to become Europe's most successful provider of specialised logistics services and we are working with TDG's new CEO Mike Branigan and his management team to achieve this goal.

Employees

We know that our success depends on the quality and commitment of our employees and on behalf of the Board I would like to record our thanks to the management and employees of DouglasBay, TDG and TLIT for their work and support during a period of very substantial change for many of them.

Shareholders

I would also like to thank our majority shareholder for their financial and operational support and to welcome both former TLIT and new shareholders to our Company. We set great store by encouraging an active dialogue with our shareholders and plan to communicate with them at frequent intervals to keep them apprised of our progress. One of the principal vehicles for such communication will be the Company's web site and I hope shareholders will take the time to visit our upgraded site at www.douglasbaycap.com. Any feedback would be much appreciated.

Outlook

DouglasBay has now firmly established itself as a focused and active acquirer with operational and turnaround expertise.

We are encouraged by the progress with TDG and although its markets will remain challenging, actions already taken to streamline operations, together with the wide spread of customers and services, have created a much leaner business with a high degree of resilience. Similarly, we are working hard to maximise the value inherent in TLIT's wider, but non-core, legacy investment portfolio.

Looking forward, current economic conditions are generating a number of transaction opportunities and I hope to be able to report further progress on this front during the second half of the current financial year.

As a Board we remain confident that our strategy will generate shareholder value.

David Panter

Non-executive Chairman
29 June 2009

Review of Operations

TDG

TDG is one of Europe's major logistics service providers with over 85 years of experience in freight forwarding, supply chain management and contract logistics and with dedicated operations in the UK, Ireland, France, Germany, Spain, the Benelux region and Poland.

- 133 sites across Europe
- 25 sites dedicated to single customer operations; 108 multi-dedicated and shared user facilities
- Over 1,170,000 m² of warehousing space incorporating 1 million pallet locations
- 1,600 vehicles on the road, including 1,000 specialist hi-cube trailers, travelling over 150 million miles per year
- International services including airfreight, seafreight and intercontinental transport
- A 7,000 plus workforce
- Ability to serve customers on a global basis

Transaction overview

DouglasBay acquired full control of TDG on 1 October 2008 in a recommended cash offer that valued the share capital at approximately £206m. The transaction saw our seed investor, funds managed by Laxey Partners, contribute a 22% stake which it had accumulated since May 2007, and fund DouglasBay with an additional equity contribution of approximately £65m. This was followed by a further £10m cash contribution via a capital increase in October 2008.

Transaction rationale and strategy

The TDG acquisition was driven by two key considerations:

- TDG is a strong and profitable business in an attractive sector, with a focus on specialised niche logistics markets, a long established customer base and an excellent reputation
- The value of the company's strong asset base of over 40 owned properties (out of 133 that it operates) was not reflected in the company's market value at the time of the acquisition, a situation that the Directors believe creates a substantial arbitrage opportunity

Our forward strategy is to unlock value in both these areas, combining a more aggressive commercial strategy based around organic growth, acquisitions and geographic expansion, alongside more active management of TDG's property portfolio, including the pursuit of selective redevelopment opportunities.

Though the business continues to face testing market conditions, we are making good progress on both fronts. We are exploring opportunities to expand geographically into higher growth markets and several initiatives are underway to crystallize value in the property portfolio; these include the establishment of a professional property management function, a review of potential development opportunities once the property market recovers and the selective realisation of assets.

Highlights

We are encouraged by TDG's progress in the calendar year 2008 and subsequently under our ownership, with highlights to date including:

New management

Since the year end, Mike Branigan has taken sole responsibility as CEO and a new finance function has been established, led by Geoff Bicknell.

Improved financial performance

In 2008, TDG delivered a significantly improved financial performance with underlying operating profits increasing by 31% to £26.8m on revenues ahead 10% at £733.1m. For the three-month period of 2008 under DouglasBay ownership, underlying operating profits totalled £10.3m on turnover of £176.1m.

Strong business development

A further strong performance over the full year in business development, with new business wins again ahead, up 13% at £115m, a seventh consecutive annual increase. Major awards from Aggregate Industries and Vtech further confirmed TDG's growing reputation as a leader in large-scale supply chain management contracts.

New company structure and culture

Since the year end, the successful restructuring of the business into a single company structure, creating a flatter, more agile and lower cost operating structure. Further efficiency improvements are being investigated continuously.

Autonomy and management focus

With a high degree of decentralisation through autonomous business units now making way for a new 'one company' approach, a far higher degree of market focus and entrepreneurial independence is being fostered, with a focus on cash, return on investment and rigorous management of costs.

De-leveraging programme

TDG carries only limited leverage compared to other private equity transactions in the sector. Since acquisition debt has already been reduced substantially through cash generated from equipment and property sale and lease back transactions.

The Laxey Investment Trust

At the time of the acquisition by DouglasBay, TLIT was listed on the Official List of the London Stock Exchange. Initially the trust had the mandate to invest in tea plantations in South East Asia. In 2006 shareholders voted to change the strategy to mirror the active value approach of other funds managed by Laxey Partners.

- Net assets of approximately £9m at acquisition
- Portfolio comprising a number of legacy tea plantations investments and other positions mirroring investments of other funds managed by Laxey Partners

Transaction rationale and strategy

It was the intention to realise the assets of TLIT as soon as possible and use the proceeds to pay the TLIT put option holders. The remaining cash was then to be invested according to the investment strategy of DouglasBay.

Whilst it was possible to sell some of the smaller more liquid equity positions swiftly, albeit at a loss, reflecting the developments in global financial and equity markets, the existing illiquid Sri Lankan legacy investments proved very difficult to sell. We will continue our efforts in this regard. However, the price levels indicated by potentially interested parties did not support the carrying values, therefore the Directors took the decision to reduce the carrying values to a level felt to be more realistic in the current market environment.

Highlights

TLIT directors joined DouglasBay Board

Four of the former TLIT directors have joined the board of DouglasBay contributing a wealth of experience and a network of global contacts that DouglasBay can utilise going forward. Colin Kingsnorth, TLIT Director and founder of Laxey Partners, continues to be closely involved with DouglasBay's investment strategy as Chairman of the Investment Committee.

Disposal of positions ongoing

We have disposed of a number of positions in the three month period to 31 December 2008. The disposal programme continues.

Impairment

In light of the market developments the Board has taken the decision to reduce the values of the Sri Lankan plantations assets to a level felt to be realistic.

Financial performance

The net asset value fell from approximately £9m at 1 October 2008 to approximately £6m at the end of the year, implying a drop of about 30%, partly due to the impairment of the plantations assets.

Improved outlook and renewed interest in Sri Lanka

Going forward, the Board expects the end of the war in Sri Lanka to have a positive impact on the investment climate in the region. The recent revival of the tea price should also have a favourable impact on future disposals.

Put option

In March 2009, the board of DouglasBay decided that, in light of current market conditions, it was prudent for the Company to preserve cash and that the exercise of the TLIT Put Options was not to the benefit of the remaining DouglasBay shareholders. As such the conditions relating to the grant of the Options were not satisfied and accordingly the Options were not capable of being exercised.

However, the DouglasBay Board remains committed to the principle of enabling the former TLIT shareholders to require DouglasBay to purchase their ordinary shares in DouglasBay and has decided that this should be on improved terms of 12 pence per share during the period of ten weeks commencing on 14 September 2010 and ending on 20 November 2010.

Alex Pausco
Chief Executive Officer
29 June 2009

Financial Review

As previously stated, the results cover the period from incorporation on 20 May 2008 up until 31 December 2008, and contain the results of TDG and TLIT as from 1 October 2008 up until 31 December 2008.

Acquisition of TDG

DouglasBay was floated on AIM on 2 October 2008 with an initial share capital of approximately £124m, of which £48m was contributed by Laxey Partners by way of its existing 22% stake in TDG, £65m in cash injected by Laxey Partners and the balance from other shareholders. A further £10m was contributed via a capital increase post flotation. On 1 October 2008 it purchased TDG for approximately £206m, financed by a loan facility from Burdale secured on the assets of TDG. This facility of £165m is for 5 years.

Trading results

Revenue for the period, all from TDG, was £176.1m with a underlying operating profit of £10.3m. There were other exceptional operating costs of £14.1m, see note 6.

A net loss from investments of £4.7m was caused by a £4.1m write down of the TLIT investments to market value and £0.6m of holding company administrative cost. No dividends from TLIT investments were received during the period, and since all were minority shareholdings with no management control, no share of the earnings of the companies invested in was included in the DouglasBay results.

Costs of £3.7m were incurred in finance charges associated with the TDG acquisition, and £3.3m costs were incurred by TDG in advisory fees. The overall operating loss was £3.8m. Financing costs of £3.5m relate primarily to the loan with Burdale, secured against the assets of TDG and used to finance the acquisition of TDG.

The net tax charge of £2.2m, includes £3.7m taxation on profits earned in the UK and an overseas tax credit of £1.5m.

Loss after tax was £9.5m, representing a loss of 0.71p per share. Underlying profit after tax was £5.4m, representing a profit of 0.40p per share.

Cash flow

Financing

The Group finished the year with net debt of £129.6m.

The Group is dependent upon the following sources of finance in order to meet its daily working capital requirements:

- £165m of bank facilities (on an amortising basis) provided from Burdale for a period until October 2013
- A £10m working capital facility, of which £9m has been drawn to date. The facility has been provided by funds managed by Laxey Partners in January 2009 and is not repayable until July 2010
- An additional facility, of up to £16m, is available from Laxey Partners Funds if required

Outlook

The creation of significant business opportunities is an inevitable consequence of any economic downturn, especially one of the magnitude we are currently experiencing. The lack of credit, increase in cost of capital and fall in the stock market has left a number of businesses, with good assets and potentially cash generative, in a weakened position.

DouglasBay's short term strategy is to focus on the reorganisation of TDG by implementing a more efficient structure and to maximise cost savings in a number of areas that have already been identified. DouglasBay will create a property division which will own and professionally manage the portfolio of properties, disposing or leasing back to the TDG operating company where appropriate.

The other short term objective is to dispose of the legacy investments of TLIT at acceptable valuations.

In addition, DouglasBay will continue to carry out extensive research, to identify further opportunities. The successful purchase and initial transformation of TDG in the short space of time since admission to AIM provides us with an excellent case study to illustrate the value inherent in our business model. The management believe DouglasBay is ideally placed to derive maximum benefit from the current financial climate and look forward to the rest of 2009 with confidence.

Geoff Bicknell
Chief Financial Officer
29 June 2009

Consolidated income statement

Period from incorporation on 20 May 2008 to 31 December 2008

Continuing operations	Notes	2008
		£m
Revenue	1	176.1
Underlying operating profit		10.3
Amortisation of acquisition intangibles	8	(0.7)
Rationalisation costs	4	(0.3)
Corporate activity and associated costs	4	(4.8)
Recycling of exchange gains	4	1.5
Impairment	4	(6.0)
Loss on sale of properties	4	(0.1)
Costs of acquisition	4	(3.7)
Operating loss	1	(3.8)
Finance costs	5	(3.7)
Finance income	5	0.2
Loss before tax		(7.3)
Tax on loss on continuing operations		
UK tax	6	(3.7)
Overseas tax	6	(1.5)
		(2.2)
Loss for the period		(9.5)
Attributable to:		
Equity holders of the parent		(9.5)
Minority interest		–
		(9.5)
Loss per share	20	(0.71)p

Consolidated balance sheet
31 December 2008

	Notes	2008 £m
Assets		
Non-current assets		
Goodwill	7	26.9
Acquisition intangibles	8	35.6
Other intangible assets	9	7.4
Property, plant and equipment	11	209.6
Investments	10	6.9
Retirement benefit asset		8.8
		295.2
Current assets		
Stocks		2.8
Trade and other receivables	12	115.1
Current tax assets		2.4
Cash and cash equivalents	13	23.2
		143.5
Liabilities		
Current liabilities		
Trade and other payables	14	141.5
Current tax liabilities		3.9
Financial liabilities:		
Borrowings	15	13.0
Provisions	17	8.1
		166.5
Net current liabilities		(23.0)
Non-current liabilities		
Financial liabilities:		
Borrowings	15	139.8
Retirement benefit obligations		4.8
Deferred tax liabilities	18	17.6
Other non-current liabilities		0.7
Provisions	17	7.9
		170.8
Net assets		101.4
Equity		
Ordinary Shares	19	66.9
Share premium	21	66.9
Hedging and translation reserves	21	(0.1)
Retained earnings	21	(32.8)
Capital and reserves	21	100.9
Minority interest		0.5
Total equity		101.4

Consolidated cash flow statement

Period from incorporation on 20 May 2008 to 31 December 2008

	Notes	2008 £m
Cash flows from operating activities		
Cash generated from operations	22	13.2
Interest paid		(2.7)
Tax paid		(0.2)
Net cash from operating activities		10.3
Cash flows from investing activities		
Interest received		0.1
Purchase of property, plant and equipment and intangibles		(4.8)
Proceeds from disposals of property, plant and equipment		1.0
Acquisition of businesses		(144.9)
Net cash outflow from investing activities		(148.6)
Cash flows from financing activities		
Proceeds from issue of Ordinary Shares		76.9
Drawdown of secured borrowings		143.6
Repayment of secured borrowings		(4.4)
Repayment of term unsecured borrowings		(58.0)
Net cash inflow from financing activities		158.1
Net increase in cash and cash equivalents		19.8
Effect of exchange rate changes		1.5
Cash and cash equivalents at 20 May		–
Cash and cash equivalents at end of period	13	21.3
Reconciliation of net debt		
Net increase in cash and cash equivalents		19.8
Increase in debt		(81.2)
Change in net debt from cash flows		(61.4)
Effect of exchange rate changes		(7.0)
Acquisition of businesses		(61.2)
Increase in net debt during the period		(129.6)
Net debt at 20 May		–
Net debt at end of period	15	(129.6)

Consolidated statement of recognised income and expense
Period from incorporation on 20 May 2008 to 31 December 2008

	2008
	£m
Loss for the period	(9.5)
Net exchange adjustments offset in reserves net of tax	0.9
Actuarial losses on defined benefit pension schemes net of tax	(24.3)
Net losses recognised directly in equity	(23.4)
Total recognised income and expense for period	(32.9)
Attributable to:	
Equity holders of the parent	(32.9)
Minority interests	–
	(32.9)

Notes

1. Segmental analysis

The Group's primary reporting format is business segments and its secondary is geographical segments. The operating businesses are organised and managed separately according to the markets they serve.

Primary segments – business activities

Period ended 31 December 2008

	TDG Contract Logistics £'m	TDG Chemicals £'m	Investments £'m	Unallocated £'m	Total £'m
Revenue					
Gross sales	106.0	70.5	-	-	176.5
Inter-segment sales	-	(0.4)	-	-	(0.4)
Sales to external customers	106.0	70.1	-	-	176.1
Segment results					
Headline operating profit	7.9	3.0	(0.6)	-	10.3
Amortisation of acquisition intangibles (note 4)	(0.3)	(0.5)	-	-	(0.8)
Impairment (note 4)	(1.9)	-	(4.1)	-	(6.0)
Exceptional operating costs (note 4)	(0.3)	-	-	(7.0)	(7.3)
Operating profit	5.4	2.5	(4.7)	(7.0)	(3.8)
Finance costs – net					(3.5)
Loss before tax					(7.3)
Tax					(2.2)
Loss from continuing operations					(9.5)
Capital expenditure	0.7	2.4	-	-	3.1
Depreciation and amortisation	2.8	2.3	-	-	5.1

Balance sheet as at 31 December 2008

Assets:

Segment assets	213.4	192.5	7.2	-	413.1
Unallocated corporate assets:					
Cash and cash equivalents	-	-	0.6	22.6	23.2
Tax and deferred tax balances	-	-	-	2.4	2.4
Consolidated total assets	213.4	192.5	7.8	25.0	438.7

Liabilities:

Segment liabilities	104.3	56.0	2.7	-	163.0
Unallocated corporate liabilities:					
Financial liabilities	-	-	0.8	152.0	152.8
Tax and deferred tax balances	-	-	-	21.5	21.5
Consolidated total liabilities	104.3	56.0	3.5	173.5	337.3
Net assets/(liabilities)	109.1	136.5	4.3	(148.5)	101.4

Secondary segments – geographical analysis

	2008 £'m
Revenue	
Sales to external customers	
United Kingdom	122.0
Belgium	6.6
Spain	16.5
Other Europe	31.0
	176.1

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

Carrying amount of segment assets	2008 £'m
United Kingdom	267.0
Belgium	29.0
Spain	41.7
Other Europe	76.0
Unallocated	25.0
	438.7

Additions to property, plant and equipment and intangible assets	2008 £'m
United Kingdom	1.7
Belgium	0.6
Spain	0.3
Other Europe	0.5
	3.1

2. Net operating costs

	2008 £'m
Raw materials, consumables and other external charges	85.3
Staff costs:	
Wages and salaries	48.1
Share based payments	1.7
Social security costs	5.9
Other pension costs (note 21)	1.6
Redundancy costs	4.0
	61.2
Other operating charges	23.1
Depreciation of property, plant and equipment:	
Owned assets	3.6
Amortisation of acquisition intangibles	0.7
Amortisation of other intangibles	0.8
Impairment of assets	6.9
Profit on sale of non current assets	(0.1)
Loss/(profit) on sale of property	0.1
Amortisation of government grants	(0.2)
Recycling of foreign exchange	(1.5)
	10.3
Total	179.9

	2008 £'m
Operating lease rentals payable:	
Minimum lease payments	8.2
Subleases	(0.8)
	7.4

Services provided by the Company's auditor and its associates:	2008 £'m
Fees payable to the Company's auditor for the audit of parent company and consolidated financial statements	0.1
Fees payable to the Company's auditor and its associates for other services:	
The audit of the Company's subsidiaries pursuant to legislation	0.5
Acquisition due diligence	1.5
	2.1

3. Employees

	2008
	£'m
The average number of employees in the Group during the period was:	
United Kingdom	5,906
Continental Europe	1,268
	7,174

4. Exceptional operating (costs)/profits

	2008
	£'m
Rationalisation Ireland and Netherlands	(0.3)
Amortisation of acquisition intangibles	(0.7)
Corporate activity and associated costs	(4.8)
Impairment	(6.0)
Recycling of foreign exchange losses originally charged to reserves	1.5
(Loss)/profit on sale of properties	(0.1)
Costs of acquisition	(3.7)
	(14.1)

5. Finance (costs)/income

	2008
	£'m
Interest expense:	
Secured loans	2.6
Finance lease rental payments	0.1
Other financial charges:	
Unwinding of discount on the liability for insurance claims	0.5
Other finance costs	0.5
	3.7
Interest receivable:	
Interest receivable on short-term deposits	(0.2)
	(0.2)
	3.5

6. Tax

Analysis of tax charge in the period

	2008 £'m
Current tax:	
Isle of Man income tax	-
Overseas tax	2.7
	2.7
Deferred tax:	
Isle of Man	-
Overseas	(0.5)
	(0.5)
Tax charge on continuing activities	2.2
Analysed as:	
Tax on headline earnings	2.4
Tax credit on exceptional operating (profit)/cost	(0.2)
Tax charge on continuing and discontinued activities	2.2

The tax for the period is higher than the standard rate of income tax in the Isle of Man of 0%. The differences are explained below:

	2008 £'m
Profit on ordinary activities before tax – continuing activities	(7.3)
Profit on ordinary activities multiplied by rate of corporation tax in the Isle of Man of 0%	-
Effects of:	
Adjustment in respect of overseas taxation	(2.1)
Utilisation of losses	(0.1)
Unrelieved losses	1.7
No tax relief on impairment	0.9
No tax relief on the recycling of exchange losses	1.9
Differences between depreciation and capital allowances and other timing differences	(0.1)
	2.2

Tax on items charged to equity

	2008 £'m
Deferred tax on actuarial gain	(8.3)
Deferred tax in respect of rate change	-
	(8.3)

7. Goodwill

	2008 £'m
Cost	
At 20 May	-
Acquisition of businesses	26.9
At 31 December	26.9
Aggregate impairment	
At 20 May	-
Impairment	-
At 31 December	-
Net book amount at 31 December	26.9

Impairment tests for cash-generating units containing goodwill

The carrying amounts of goodwill by division are as follows:

	2008 £'m
TDG Contract Logistics	7.5
TDG Chemicals	20.3
Unallocated	(0.9)
	26.9

The goodwill represents goodwill on acquisition of TDG plc on 1 October 2008.

In accordance with the Group's accounting policy, the carrying value of goodwill and intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The 2008 goodwill impairment review was undertaken as at 31 December 2008. A review of Cash Generating Units (CGUs) within the Group was undertaken for the 2008 goodwill impairment exercise, and it was determined that the most appropriate basis was to measure CGUs on a country by country basis. The review assessed whether the carrying value of the goodwill was supported by the net present value of future cash flows, using a pre-tax discount rate of 11.5% and management forecasts for a projection period of three years. The projection period assumed no growth in the first two years, followed by an assumed annual long-term growth rate of 3.0% and assumed only slight improvements in operating margin. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry. In relation to the TDG Contract Logistics and TDG Chemicals cash generating units, for impairment testing, the methodology described above indicated an excess of recoverable amount over carrying value as at 31 December 2008.

An impairment charge is required for both goodwill and other indefinite lived intangible assets when the carrying amount exceeds the recoverable amount.

8. Acquisition intangibles

	Customer contracts £'m	Licences £'m	Customer relationships £'m	Total £'m
Cost				
At 20 May	-	-	-	-
Acquisition of businesses	6.9	3.4	26.0	36.3
	6.9	3.4	26.0	36.3
Aggregate amortisation				
At 20 May	-	-	-	-
Charge for the period	0.2	0.1	0.4	0.7
At 31 December	0.2	0.1	0.4	0.7
Net book amount at 31 December	6.7	3.3	25.6	35.6

An independent firm was engaged to perform a valuation of the intangible assets on acquisition. The cost approach was used in valuing the licences and the income approach, using discounted future cash flows, was employed to establish the value of customer relationships and customer contracts.

As for goodwill an impairment review was also undertaken in respect of acquisition intangibles at 31 December 2008 using the assumptions set out above in note 7. There was no indication of impairment.

9. Other intangible assets

Computer software

	2008 £'m
Cost	
At 20 May	-
Acquisition of businesses	26.4
Exchange adjustments	1.6
Additions	1.0
Disposals	(0.2)
At 31 December	28.8
Aggregate amortisation and impairment losses	
At 20 May	-
Acquisition of businesses	19.2
Exchange adjustments	1.3
Charge for the period	0.8
Impairment	0.3
Disposals	(0.2)
At 31 December	21.4
Net book amount at 31 December	7.4

10. Investments

	2008 £'m
Cost	
At 20 May	-
Acquisition of businesses	11.0
At 31 December	11.0
Aggregate impairment	
At 20 May	-
Impairment	4.1
At 31 December	4.1
Net book amount at 31 December	6.9

Investments mainly include the quoted and unquoted investments in TLIT.

11. Property, plant and equipment

	Land and Buildings £'m	Vehicles £'m	Plant and Equipment £'m	Total £'m
Cost				
At 20 May	-	-	-	-
Acquisition of businesses	173.2	31.1	103.1	307.4
Exchange adjustments	10.8	3.7	5.4	19.9
Additions	0.5	1.4	0.2	2.1
Disposals	-	(1.2)	(3.0)	(4.2)
At 31 December	184.5	35.0	105.7	325.2
Aggregate depreciation and impairment losses				
At 20 May	-	-	-	-
Acquisition of businesses	16.2	23.8	65.3	105.3
Exchange adjustments	1.4	2.5	3.9	7.8
Impairment charge	2.5	-	-	2.5
Charge for the period	0.8	0.7	2.1	3.6
Disposals	-	(1.2)	(2.4)	(3.6)
At 31 December	20.9	25.8	68.9	115.6
Net book amount at 31 December	163.6	9.2	36.8	209.6

The carrying value is stated gross of certain grants.

Included within land and buildings are assets held under finance leases at the following net book amount:

	2008 £'m
Cost	2.4
Aggregate depreciation	(1.1)
Net book amount	1.3

Of the net book value of land and buildings of £163.6m, £85.1m is secured to the bank, £23.0m secured to the UK defined benefit pension scheme and £1.3m is under finance lease. Of the vehicles, plant and equipment of £46.0m, £40.5m is secured to the bank.

Impairment losses

A review of loss making sites has been undertaken which showed that no impairment of tangible fixed assets was required in the period except of one property which has been impaired to its net realisable value.

On acquisition the Company had its freehold properties revalued by an independent valuer. The valuation was undertaken by King Sturge who are appropriately qualified. The valuation used was the vacant possession value for accounting purposes based on estimated yields. Had the properties been valued at cost the book value would be £144.5m.

12. Trade and other receivables

	2008
	£'m
Amounts falling due within one year	
Trade debtors	95.8
Less: Provision for doubtful debts	(1.2)
Trade debtors – net	94.6
Other debtors	5.7
Prepayments and accrued income	14.8
	115.1

Of the trade debtors of £95.8m, £91.9m is secured under the ABL facility.

Movement in the provision for doubtful debts

	2008
	£'m
At 20 May	-
Acquisition of businesses	1.1
Exchange adjustments	0.1
Impairment losses recognised on receivables	0.3
Impairment losses reversed	(0.3)
At 31 December	1.2

As at 31 December, the ageing analysis of the net trade debtors is as follows:

		Past due but not impaired					
	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-180 days	>180 days	
	Total £'m	£'m	£'m	£'m	£'m	£'m	£'m
2008	94.6	72.8	18.2	2.5	0.4	0.6	0.1

The standard period of credit on sales is 30 days. No interest is charged on overdue amounts. The Group only provides for specific bad debts where, in the opinion of management, the amount is no longer recoverable due to a deterioration in the credit quality of the customer. The amount of the provision is management's estimate of the irrecoverable amount. In respect of debts that have not been paid due to a dispute over price or service the Group holds a separate credit note provision which is included within accruals and deferred income. Under certain customer contracts the Group holds a lien over customer goods held in storage. It is not practicable to quantify the value of the lien.

As at 31 December, the ageing analysis of the impaired trade debtors is as follows:

	Past due and impaired					
	Total	<30 days	30-60 days	60-90 days	90-180 days	>180 days
	£'m	£'m	£'m	£'m	£'m	£'m
2008	1.2	-	0.1	0.2	0.2	0.7

13. Analysis of cash and cash equivalents

	2008
	£'m
Cash at bank and in hand	20.8
Short-term deposits	2.4
Cash and cash equivalents (balance sheet)	23.2
Bank overdrafts	(1.9)
Cash and cash equivalents (cash flow statements)	21.3

14. Trade and other payables

	2008 £'m
Amounts falling due within one year:	
Trade payables	60.2
Sales and payroll taxes	18.4
Other creditors	5.4
Accruals and deferred income	57.5
	141.5

15. Financial liabilities – borrowings

	2008 £'m
Non current:	
Non redeemable preference shares	(0.3)
Secured bank loans	(137.9)
Property finance leases	(1.6)
	(139.8)
Current:	
Bank overdrafts	(1.9)
Secured bank loans	(10.9)
Property finance	(0.2)
	(13.0)
Borrowings (note 19)	(152.8)
Deduct:	
Cash at bank and in hand	20.8
Short-term deposits	2.4
	23.2
Net debt	(129.6)

16. Acquisition of subsidiaries

The following acquisitions were made during the period ended 31 December 2008:

TDG plc
The Laxey Investment Trust plc

On 1 October the Group acquired 100% of the issued share capital of TDG plc and The Laxey Investment Trust plc. Both have been included in the consolidated financial statements of the Group since that date.

The acquisitions had the following effect on the Group's assets and liabilities on the acquisition date:

	Carrying amounts at acquisition £'m
Intangibles	43.5
Property, plant and equipment	202.1
Operating and other receivables	129.1
Cash and cash equivalents	48.4
Loans and borrowings	(83.1)
Operating and other payables	(156.0)
Pension asset	34.9
Deferred tax	(25.9)
Minority interests	(0.4)
Net identifiable liabilities	192.6
Goodwill	26.9
Group equity carrying value on acquisition date	219.5

Fair value adjustments were made to freehold properties and to intangible assets.

17. Provisions

	Claims £'m	Dilapidations £'m	Onerous leases £'m	Deferred consideration £'m	Insurance £'m	Total £'m
At 20 May 2008	-	-	-	-	-	-
Acquisition of business	1.3	2.3	1.7	2.4	8.8	16.5
Charged/(released) to profit and loss account	0.4	-	-	-	1.1	1.5
Utilised in year	-	-	(0.1)	-	(2.4)	(2.5)
Amortisation of discount	-	-	-	-	0.5	0.5
At 31 December 2008	1.7	2.3	1.6	2.4	8.0	16.0

Provisions are analysed between current and non-current as follows:

	2008 £'m
Current	8.1
Non-current	7.9
	16.0

Insurance

The Group has significant excesses on its insurance policies for which it self-insures. Provision is made for the estimated cost of claims including those that have been incurred but not yet reported. These provisions are held until such time as further claims are unlikely.

Onerous leases

The Group has entered into leasing arrangements in respect of properties which, due to changes in its activities, it has ceased to use. Provision has been made for the residual lease commitment together with other outgoings after taking account of sub-let arrangements.

Dilapidations

The dilapidations provision relates to the costs the Group anticipates will be incurred on the termination of certain of its leasehold properties.

Legal

During the course of its normal operations the Group will be subject to legal disputes with customers, employees and other parties, provision is made for the estimated costs to be incurred in settling those claims.

Deferred consideration

Provision is made for deferred consideration on acquisition of businesses in the UK and in Belgium which may become payable subject to profit targets being obtained.

18. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 0% in respect of Isle of Man companies and 28% in respect of overseas subsidiaries. The movement in deferred tax in the period is as follows:

	2008 £'m
At 20 May	-
Acquisition of businesses	(25.9)
Exchange adjustments	(0.5)
Charged to income statement in period	0.5
Taken to equity	8.3
At 31 December	(17.6)

The movements in deferred tax liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

Deferred tax liabilities

	Accelerated tax depreciation £'m	Other £'m	Total £'m
At 20 May	-	-	-
Acquisition of businesses	(15.3)	(10.6)	(25.9)
Exchange adjustments	(0.2)	(0.3)	(0.5)
Credited/(charged) to income statement in period	1.1	(0.6)	0.5
Taken to equity	-	8.3	8.3
At 31 December	(14.4)	(3.2)	(17.6)

19. Share capital

Number of shares in issue

	2008 Equity 5p shares
At 20 May	20
Shares issued	1,337,815,613
At 31 December	1,337,815,633

Allotted and fully paid

	2008 Equity 5p shares £'000
At 20 May	-
Shares issued	66,891
At 31 December	66,891

The Company has only one class of ordinary shares which carry no right to fixed income. Holders are entitled to one vote per share at meetings of the Company.

Potential issues of Ordinary Shares

On 1 October 2008 the Company acquired the entire Ordinary Share Capital of TDG plc by way of a Scheme of Arrangement. As a result of the acquisition holders of options under the TDG SAYE Share Option scheme were permitted to exercise their options using the savings they had made, under their savings contract, up to that date.

Under the TDG SAYE Share Option scheme at 31 December 2008 there were options existing for:

	Number of shares	Exercise period	Pence per share
	1,905	2009	206
	3,177	2010	208
	3,133	2010	193
	4,376	2011	206
	6,045	2011	235
	3,053	2012	193
	1,715	2013	235
	23,404		

As part of its takeover of TLIT the Company conditionally granted options to shareholders in TLIT enabling them, if such conditions were satisfied, to require the Company to purchase all their ordinary shares in the Company at 11.3 pence per share during the period of ten weeks commencing on 16 March 2009 and ending on 29 May 2009 (the "Options").

The board of the Company decided that, in light of current market conditions, it was prudent for the Company to preserve cash and that the exercise of the Options would not be to the benefit of the remaining shareholders. As such the conditions relating to the grant of the Options were not satisfied and accordingly the Options were not capable of being exercised.

However, the board remains committed to the principle of enabling the former TLIT shareholders to require the Company to purchase their shares and the directors executed a new deed poll (the "Subsequent Deed Poll") on improved terms whereby the Company has conditionally granted new options to the former TLIT shareholders enabling them to require the Company to purchase their shares at 12 pence per share during the period of ten weeks commencing on 14 September 2010 and ending on 20 November 2010.

20. Loss per share

The calculation of basic loss per share at 31 December 2008 was based on the loss attributable to ordinary shareholders of £9.5m and a weighted average number of ordinary shares outstanding of 1,337,815,633 reflecting the period over which earnings per share has been calculated (1 October 2008, the date of acquisition of the subsidiaries, until 31 December 2008).

There was no dilution effect in the period ended 31 December 2008.

Underlying earnings per share

An alternative earnings per share number is set out below, being before any amortisation of acquired intangibles, goodwill impairment and exceptionals plus related tax, since the Directors consider that this provides further information on the underlying performance of the Group:

	2008
	pence
Underlying earnings per share	40
	2008
	£'m
Underlying earnings are determined as follows:	
Loss for the year attributable to equity shareholders of DouglasBay plc	(3.8)
Amortisation of acquisition intangibles	(0.8)
Rationalisation costs	(0.2)
Corporate activity costs	(4.8)
Recycling of foreign exchange gains	1.5
Impairment of goodwill	(6.0)
Loss on sale of fixed assets	(0.1)
Costs of acquisition	(3.7)
Underlying earnings	10.3

21. Statement of changes in shareholders' equity

	Attributable to equity holders of the Company						Total equity £'m
	Share capital £'m	Share premium £'m	Hedging & translation reserves £'m	Retained earnings £'m	Subtotal £'m	Minority interest £'m	
Balance at 20 May 2008	-	-	-	-	-	-	-
Acquisition of businesses	-	-	-	-	-	0.4	0.4
Currency translation adjustments							
- on net assets	-	-	(0.1)	1.0	0.9	-	0.9
- on minority interest	-	-	-	-	-	0.1	0.1
Loss for the period	-	-	-	(9.5)	(9.5)	-	(9.5)
Issue of shares	66.9	66.9	-	-	133.8	-	133.8
Actuarial loss net of tax	-	-	-	(24.3)	(24.3)	-	(24.3)
Balance at 31 December 2008	66.9	66.9	(0.1)	(32.8)	100.9	0.5	101.4

The hedging and translation reserves relate to currency translation adjustments on net assets of foreign subsidiaries.

Proposed dividend

The Board is recommending that no final dividend be paid for the period.

22. Reconciliation of operating profit from operations to net cash from operating activities

	2008 £'m
Underlying operating loss	(3.8)
Adjustments for:	
Depreciation of property, plant and equipment	3.6
Impairment of assets	6.0
Amortisation of intangible assets	0.7
Gain on disposal of plant and equipment	0.1
Release of investment grants	(0.2)
Recycling of exchange	(1.5)
	4.9
Changes in working capital	
Increase in stocks	0.1
Increase in debtors	12.2
Increase in creditors	(8.4)
Decrease in working capital	3.9
	8.8
Pension deficit funding	(0.6)
Exceptional cash flows	5.0
Cash generated from continuing operations before interest and tax	13.2

23. Net cash outflow on acquisition

	2008 £'m
Total purchase consideration	230.1
Adjustments for:	
Non-cash consideration for TDG shares	(48.2)
Non-cash consideration for TLIT shares	(10.6)
Consideration paid in cash	171.3
Adjustments for:	
Cash and cash equivalents acquired	(27.2)
Net debt acquired	62.0
Net cash outflow on acquisition	206.1

24. Operating lease commitments

Commitments under non-cancellable operating leases expiring:

	2008	
	Property £'m	Vehicles, plant and equipment £'m
Within one year	20.5	11.9
Between two and five years	47.6	18.4
After five years	62.9	0.3
	131.0	30.6

The Group sublets various leased properties that are no longer required for its current operations. The minimum amounts receivable under non-cancellable subleases is as follows:

	2008 £'m
Within one year	4.2
Between two and five years	1.1
After five years	0.1
	5.4

25. Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred as follows:

	2008
	£'m
Property, plant and equipment	0.8
Intangible assets	0.3
	1.1

26. Ultimate controlling party

The Directors consider that Laxey Partners Limited is the ultimate controlling party by virtue of its management of investment funds that control 92.8% of the issued share capital of DouglasBay Capital plc.

27. Despatch of accounts

Copies of the audited financial statements for the period to 31 December 2008 have been posted to shareholders today and are available on the Company's web site at www.douglasbaycap.com