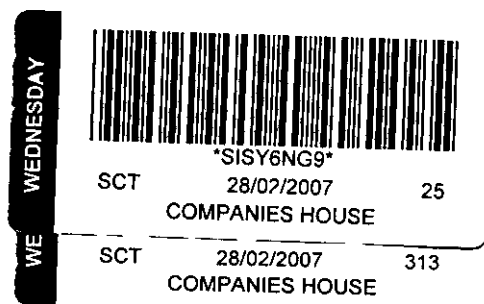


ABERCASTLE DEVELOPMENTS LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 APRIL 2006



ABERCASTLE DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Mr A Cunningham Ms S Carter
Secretary	Morton Fraser
Company number	SC 135548
Registered office	30 31 Queen Street Edinburgh EH2 1JX
Auditors	Geoghegan & Co Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors	Morton Fraser LLP 30 31 Queen Street Edinburgh EH2 1JX

ABERCASTLE DEVELOPMENTS LIMITED

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ABERCASTLE DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2006

The directors present their report and financial statements for the year ended 30 April 2006

Principal activities

The principal activity of the company during the year was that of property development and investment

Directors

The following directors have held office since 1 May 2005

Mr A Cunningham

Ms S Carter

Directors' interests

The directors' interests in the shares of the company were as stated below

Ordinary shares of £1 each	
30 April 2006	1 May 2005

Mr A Cunningham

Ms S Carter

Mr A Cunningham's interest in the share capital of the ultimate holding company, Abercastle Holdings Limited, is disclosed in that company's financial statements

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Geoghegan & Co be reappointed as auditors of the company will be put to the Annual General Meeting

ABERCASTLE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

select suitable accounting policies and then apply them consistently,
make judgements and estimates that are reasonable and prudent,
prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

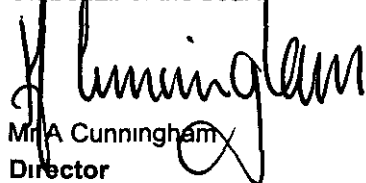
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

They have taken all steps they ought to have taken as directors in order to make themselves aware of any audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the board



Mr A Cunningham
Director

14 February 2007

ABERCASTLE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ABERCASTLE DEVELOPMENTS LIMITED

We have audited the financial statements of Abercastle Developments Limited for the year ended 30 April 2006 set out on pages 5 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

ABERCASTLE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ABERCASTLE DEVELOPMENTS LIMITED

Opinion

In our opinion the financial statements

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its loss for the year then ended,

have been properly prepared in accordance with the Companies Act 1985

the information given in the Directors' Report is consistent with the financial statements, and


Geoghegan & Co

14 February 2007

Chartered Accountants
Registered Auditor

Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

ABERCASTLE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2006

	Notes	2006 £	2005 £
Turnover		70,000	
Cost of sales		(72,113)	(44,999)
Gross loss		(2,113)	(44,999)
Administrative expenses		(3,449)	(160,681)
Operating loss	2	(5,562)	(205,680)
Other interest receivable and similar income	3	439	8,847
Interest payable and similar charges		(41,439)	(12,817)
Loss on ordinary activities before taxation		(46,562)	(209,650)
Tax on loss on ordinary activities	4	(1,681)	
Loss for the year	8	(48,243)	(209,650)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

ABERCASTLE DEVELOPMENTS LIMITED

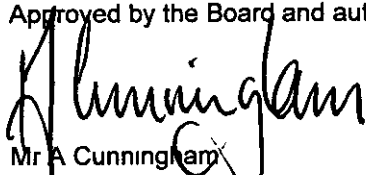
BALANCE SHEET

AS AT 30 APRIL 2006

	Notes	2006 £	£	2005 £	£
Current assets					
Stocks				10,589	
Debtors	5	279,937		533,106	
		<u>279,937</u>		<u>543,695</u>	
Creditors' amounts falling due within one year	6	(656,452)		(871,967)	
Total assets less current liabilities			<u>(376,515)</u>		<u>(328,272)</u>
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account	8		(376,615)		(328,372)
Shareholders' funds	9		<u>(376,515)</u>		<u>(328,272)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board and authorised for issue on 14 February 2007


Mr A Cunningham
Director

ABERCASTLE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The accounts have been prepared on a going concern basis as the company has the ongoing support of the Abercastle Holdings Limited group of companies

1.2 Cashflow exemption

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value

1.5 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non discounted basis

2	Operating loss	2006	2005
		£	£
	Operating loss is stated after charging		
	Auditors' remuneration	2,500	2,500
	Directors' emoluments		42,000
		<hr/>	<hr/>
3	Investment income	2006	2005
		£	£
	Other interest	439	8,847
		<hr/>	<hr/>

ABERCASTLE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

4	Taxation	2006 £	2005 £
	Domestic current year tax		
	Adjustment for prior years	1,681	
	Current tax charge	<u>1,681</u>	<u></u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(46,562)</u>	<u>(209,650)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 30.00%)	<u>(13,969)</u>	<u>(62,895)</u>
	Effects of		
	Non deductible expenses		509
	Tax losses utilised	13,969	62,386
	Adjustments to previous periods	1,681	
		<u>15,650</u>	<u>62,895</u>
	Current tax charge	<u>1,681</u>	<u></u>

The company has estimated tax losses amounting to £237,823 (2005 £191,811). No deferred tax asset has been recognised due to uncertainty over the value and timing of the losses to reverse.

5	Debtors	2006 £	2005 £
	Amounts owed by group companies	43,166	186,845
	Other debtors	236,771	346,261
		<u>279,937</u>	<u>533,106</u>

ABERCASTLE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

6	Creditors' amounts falling due within one year	2006 £	2005 £
	Bank loans and overdrafts	616,086	682,989
	Trade creditors	3,010	3,384
	Amounts owed to group companies		140,000
	Taxation and social security	1,712	
	Other creditors	35,644	45,594
		<u>656,452</u>	<u>871,967</u>

The bank overdraft is part of an amalgamated group facility amounting to £13 million in respect of Abercastle Holdings Limited and its subsidiary undertakings. The total group facility is secured by

a corporate guarantee between Abercastle Holdings Limited and the ultimate controlling party,

standard securities over certain property owned by Abercastle Holdings Limited and its subsidiary undertakings, and

bond and floating charge over the assets of the following group companies

Abercastle Holdings Limited
Applied Capital Investments
Abercromby Motor Group Limited

As at 30 April 2006, the total group borrowings amounted to £8,127,327

7	Share capital	2006 £	2005 £
	Authorised		
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2005	(328,372)
Loss for the year	<u>(48,243)</u>
Balance at 30 April 2006	<u>(376,615)</u>

ABERCASTLE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

9	Reconciliation of movements in shareholders' funds	2006 £	2005 £
	Loss for the financial year	(48,243)	(209,650)
	Opening shareholders' funds	(328,272)	(118,622)
	Closing shareholders' funds	<u>(376,515)</u>	<u>(328,272)</u>

10 Control

The company's ultimate parent undertaking is Abercastle Holdings Limited, a company registered in Scotland

11 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company. Other debtors includes an amount of £117,166 (2005 £93,708) relating to expenses incurred and re charged to companies which are owned and controlled by Mr A Cunningham