

PALISADE PROPERTIES PLC
FINANCIAL STATEMENTS
31 OCTOBER 2007

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COMPANIES HOUSE

BOWER + SMITH
Chartered Accountants & Registered Auditor
6 Rubislaw Place
Aberdeen
AB10 1XN

PALISADE PROPERTIES PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

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PALISADE PROPERTIES PLC
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Alan B Wilson
Paul F Doherty
Pamela J Doherty

Company secretary

Paul & Williamsons

Registered office

22 Dunblane Street
Glasgow
G4 0HJ

Auditor

Bower + Smith
Chartered Accountants
& Registered Auditor
6 Rubislaw Place
Aberdeen
AB10 1XN

Bankers

Bank of Scotland
39 Albyn Place
Aberdeen
AB10 1YN

PALISADE PROPERTIES PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was property development.

The directors consider that the company traded satisfactorily during the year.

RESULTS AND DIVIDENDS

The loss for the year amounted to £70,893. The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

Alan B Wilson
Paul F Doherty
Pamela J Doherty

Pamela J Doherty was appointed as a director on 7 September 2007.

POLICY ON THE PAYMENT OF CREDITORS

It is the policy of the company to pay all verified accounts within agreed settlement terms. The average period taken to pay suppliers was 22 days (2006 - 28 days).

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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.

PALISADE PROPERTIES PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2007

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DONATIONS

During the year the company made the following contributions:

	2007 £	2006 £
Charitable	<u>550</u>	<u>775</u>
Political	<u>500</u>	<u>-</u>

The aggregate figure for political donations is made up as follows:

Donations to Scottish Labour party	<u>500</u>	<u>-</u>
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AUDITOR

A resolution to re-appoint Bower + Smith as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
22 Dunblane Street
Glasgow
G4 0HJ

Signed on behalf of the directors



Alan B Wilson

Director

Approved by the directors on 18 January 2010

PALISADE PROPERTIES PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PALISADE PROPERTIES PLC

YEAR ENDED 31 OCTOBER 2007

We have audited the financial statements of Palisade Properties plc for the year ended 31 October 2007 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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.

PALISADE PROPERTIES PLC

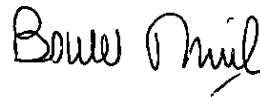
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PALISADE PROPERTIES PLC *(continued)*

YEAR ENDED 31 OCTOBER 2007

OPINION

In our opinion:

- 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 31 October 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



BOWER + SMITH
Chartered Accountants
& Registered Auditor

6 Rubislaw Place
Aberdeen
AB10 1XN

18 January 2010

PALISADE PROPERTIES PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2007

	Note	2007 £	2006 £
TURNOVER	2	2,210,461	1,166,150
Cost of sales		<u>(195,406)</u>	<u>30,323</u>
GROSS PROFIT		2,405,867	1,135,827
Administrative expenses		2,513,670	873,002
Other operating income	4	<u>(4,704)</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	5	(103,099)	262,825
Interest receivable		91,118	6,201
Interest payable and similar charges	8	<u>(58,912)</u>	<u>(30,625)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(70,893)	238,401
Tax on (loss)/profit on ordinary activities	9	-	79,226
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(70,893)</u>	<u>159,175</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 17 form part of these financial statements.

PALISADE PROPERTIES PLC

BALANCE SHEET

31 OCTOBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	10	4,228	151,826
CURRENT ASSETS			
Stocks	11	248,124	-
Debtors	12	677,101	709,415
Cash at bank		338,887	1,131,537
		<u>1,264,112</u>	<u>1,840,952</u>
CREDITORS: Amounts falling due within one year	13	<u>584,089</u>	<u>1,237,634</u>
NET CURRENT ASSETS		<u>680,023</u>	<u>603,318</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>684,251</u>	<u>755,144</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	50,000	50,000
Profit and loss account	18	634,251	705,144
SHAREHOLDERS' FUNDS	19	<u>684,251</u>	<u>755,144</u>

These financial statements were approved by the directors and authorised for issue on 18 January 2010, and are signed on their behalf by:



ALAN B WILSON
Director

Company Registration Number: SC157989

The notes on pages 10 to 17 form part of these financial statements.

PALISADE PROPERTIES PLC

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2007

	Note	2007 £	2006 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(677,863)	1,151,699
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20	32,206	(24,424)
TAXATION		(52,255)	(160,862)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20	156,136	(1,102)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(541,776)	965,311
FINANCING			
Repayment of bank loans		(250,874)	(20,297)
NET CASH OUTFLOW FROM FINANCING		(250,874)	(20,297)
(DECREASE)/INCREASE IN CASH		(792,650)	945,014
RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES			
		2007 £	2006 £
Operating (loss)/profit		(103,099)	262,825
Depreciation		3,269	9,355
Profit on disposal of fixed assets		(11,807)	-
Increase in stocks		(248,124)	-
(Increase)/decrease in debtors		(13,125)	225,914
(Decrease)/increase in creditors		(300,273)	653,605
Decrease in provision against debtor balance		(4,704)	-
Net cash (outflow)/inflow from operating activities		(677,863)	1,151,699
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2007 £	2006 £
(Decrease)/increase in cash in the period		(792,650)	945,014
Net cash outflow from bank loans		250,874	20,297
		(541,776)	965,311
Change in net funds		(541,776)	965,311
Net funds at 1 November 2006		880,663	(84,648)
Net funds at 31 October 2007		338,887	880,663

The notes on pages 10 to 17 form part of these financial statements.

PALISADE PROPERTIES PLC

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 OCTOBER 2007

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Nov 2006 £	Cash flows £	At 31 Oct 2007 £
Net cash:			
Cash in hand and at bank	<u>1,131,537</u>	<u>(792,650)</u>	<u>338,887</u>
Debt:			
Debt due within 1 year	<u>(250,874)</u>	<u>250,874</u>	<u>-</u>
Net funds	<u>880,663</u>	<u>(541,776)</u>	<u>338,887</u>

The notes on pages 10 to 17 form part of these financial statements.

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents amounts received or receivable for services provided stated net of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixtures & Fittings - 25% per annum straight line

Work in progress

Work in progress is valued on the basis of direct costs. Provision is made for foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated on an undiscounted basis at the rate at which it is anticipated the timing differences will reverse. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

1. ACCOUNTING POLICIES *(continued)*

Employee benefit trusts

The company has established trusts for the benefit of employees and certain of their dependents. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust fund are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2. TURNOVER

	2007	2006
	£	£
Management fees	2,010,461	116,615
Expenses recovered	200,000	-
	<u>2,210,461</u>	<u>116,615</u>

3. COST OF SALES

During the year the company received planning permission for a site. Costs totalling £198,954 which had been incurred in previous years but which had been written off because they were in excess of the value of the site without planning permission have been included in the work in progress valuation and credited to cost of sales during the current year.

4. OTHER OPERATING INCOME

	2007	2006
	£	£
Reverse provision against loan	<u>4,704</u>	<u>-</u>

5. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2007	2006
	£	£
Depreciation of owned fixed assets	3,269	9,355
Profit on disposal of fixed assets	(11,807)	-
Auditor's remuneration		
- as auditor	5,800	4,500
- for other services	2,300	500
Operating lease costs:		
- Other	<u>14,937</u>	<u>1,200</u>

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2007	2006
	£	£
Audit	3,000	4,000
Accountancy	1,800	—
Taxation	500	500
	<u>5,300</u>	<u>4,500</u>

6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2007	2006
	No	No
Number of administrative staff	<u>8</u>	<u>8</u>

The aggregate payroll costs of the above were:

	2007	2006
	£	£
Wages and salaries	2,195,858	711,292
Social security costs	20,236	22,244
	<u>2,216,094</u>	<u>733,536</u>

7. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2007	2006
	£	£
Emoluments receivable	<u>2,077,000</u>	<u>572,000</u>

Emoluments of highest paid director:

	2007	2006
	£	£
Total emoluments (excluding pension contributions)	<u>1,036,000</u>	<u>286,000</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable on bank borrowing	7,896	17,138
Interest on directors loans	50,226	10,874
Interest on overdue tax	790	2,613
	<u>58,912</u>	<u>30,625</u>

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2006 - 30%)	-	79,257
Over/under provision in prior year	-	1,936
Total current tax	-	81,193
Deferred tax:		
Origination and reversal of timing differences	-	(1,967)
Tax on (loss)/profit on ordinary activities	-	79,226

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2006 - 30%).

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	<u>(70,893)</u>	<u>238,401</u>
(Loss)/profit on ordinary activities by rate of tax	(14,179)	71,520
Expenses not deductible for tax purposes	2,064	7,601
Capital allowances in excess of depreciation	654	2,452
Gain on sale of fixed assets	(930)	-
Losses carried forward	13,332	-
Provision against loan not deductible for tax purposes	(941)	-
Other differences	-	(2,316)
Prior year adjustment	-	1,936
Total current tax (note 9(a))	<u>-</u>	<u>81,193</u>

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

10. TANGIBLE FIXED ASSETS

	Heritable Property £	Fixtures & Fittings £	Total £
COST			
At 1 November 2006	158,938	28,913	187,851
Additions	-	1,904	1,904
Disposals	(158,938)	-	(158,938)
At 31 October 2007	<u>-</u>	<u>30,817</u>	<u>30,817</u>
DEPRECIATION			
At 1 November 2006	12,705	23,320	36,025
Charge for the year	-	3,269	3,269
On disposals	(12,705)	-	(12,705)
At 31 October 2007	<u>-</u>	<u>26,589</u>	<u>26,589</u>
NET BOOK VALUE			
At 31 October 2007	<u>-</u>	<u>4,228</u>	<u>4,228</u>
At 31 October 2006	<u>146,233</u>	<u>5,593</u>	<u>151,826</u>

11. STOCKS

	2007 £	2006 £
Work in progress	<u>248,124</u>	<u>-</u>

12. DEBTORS

	2007 £	2006 £
Other debtors	609,534	579,107
Tax recoverable	67,567	117,710
Directors Current Account	-	12,598
	<u>677,101</u>	<u>709,415</u>

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

13. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans	-	250,874
Trade creditors	351,667	9,137
Other creditors including taxation and social security:		
Corporation tax	-	102,398
Other taxation and social security	5,849	35,316
Other creditors	159,035	839,909
Directors current accounts	67,538	-
	<u>584,089</u>	<u>1,237,634</u>

The Bank of Scotland holds a bond and floating charge over the whole of the assets of the company. The Bank of Scotland also holds cross guarantees between Palisade Properties plc, Palisade Properties (Holdings) Limited and other companies in which the directors have an interest.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2007 £	2006 £
Bank loans	-	250,874

14. BANK LOAN

Creditors include finance capital which is due for repayment as follows:

	2007 £	2006 £
Amounts repayable:		
In one year or less or on demand	-	250,874

15. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2007 the company had annual commitments under non-cancellable operating leases as set out below.

	2007		2006	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	1,200	-	1,200
Within 2 to 5 years	14,500	-	-	-
	<u>14,500</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

16. RELATED PARTY TRANSACTIONS

During the period the company had transactions with Palisade Properties (Holdings) Limited, Palisade Properties (Crow Road) Limited and Palisade Properties (Glasgow) Limited all of which are owned by the directors. The company also had transactions with Palisade Estates Limited, a company in which the directors have interests, and with Palisade Properties (Oban) Limited, a subsidiary of Palisade Properties (Holdings) Limited. At the year end date the various companies referred to above owed the following amounts to Palisade Properties plc:-

	2007	2006
	£	£
Palisade Properties (Holdings) Limited	2,865	19,494
Palisade Properties (Crow Road) Limited	(123,082)	71,334
Palisade Properties (Glasgow) Limited	36,205	(243,966)
Palisade Estates Limited	327,694	286,185
Palisade Properties (Oban) Limited	(1)	83,574

The above balance with Palisade Properties (Holdings) Limited is stated net of a provision for £39,243 (2006 £43,947).

During the year the company received management charges from related parties as follows:-

	2007	2006
	£	£
Palisade Properties (Holdings) Limited	10,000	-
Palisade Properties (Glasgow) Limited	740,000	400,000
Palisade Estates Limited	1,195,000	50,000
Palisade Properties (Oban) Limited	65,461	-

Palisade Properties plc has a management agreement to provide estate management and planning advice services for some offshore trusts which Elmford Limited, a nominee company, holds title to land for. Alan Wilson has an interest in some of these trusts. At 31 October 2007 Elmford Limited owed the company £nil (2006 - £113,301). Turnover with Elmford Limited during the period amounted to £nil (2006 - £172,120).

During the year Palisade Properties (Holdings) Limited charged the company £37,833 (2006 - £nil) for services in the ordinary course of business.

During the year the company paid interest of £50,226 (2006 - £10,874) to Alan Wilson. Interest was paid at a variable rate of interest on sums advanced by him. At 31 October 2007 the company owed Alan Wilson £67,538 (2006 - £nil).

In November 2006 the company sold its heritable property to Paul Doherty for £160,000. The property was then rented back from him. The rent payable for the year was £13,737 (2006 - £nil).

The maximum amount owed to the company during the year by Paul Doherty was £12,598. At 31 October 2007 Pamela Doherty owed the company £170 (2006 - £170). The maximum amount she owed to the company was £170.

17. SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

PALISADE PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

17. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

18. RESERVES

	Profit and loss account £
Balance brought forward	705,144
Loss for the year	<u>(70,893)</u>
Balance carried forward	<u>634,251</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
(Loss)/Profit for the financial year	(70,893)	159,175
Opening shareholders' funds	<u>755,144</u>	<u>595,969</u>
Closing shareholders' funds	<u>684,251</u>	<u>755,144</u>

20. NOTES TO THE CASH FLOW STATEMENT

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007 £	2006 £
Interest received	91,118	6,201
Interest paid	<u>(58,912)</u>	<u>(30,625)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>32,206</u>	<u>(24,424)</u>

CAPITAL EXPENDITURE

	2007 £	2006 £
Payments to acquire tangible fixed assets	(1,904)	(1,102)
Receipts from sale of fixed assets	<u>158,040</u>	<u>-</u>
Net cash inflow/(outflow) from capital expenditure	<u>156,136</u>	<u>(1,102)</u>

PALISADE PROPERTIES PLC

MANAGEMENT INFORMATION

YEAR ENDED 31 OCTOBER 2007

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5.**

PALISADE PROPERTIES PLC

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2007

	2007 £	2006 £
TURNOVER		
Management fees	2,010,461	1,166,150
Expenses recovered	<u>200,000</u>	<u>-</u>
	2,210,461	1,166,150
 Cost of sales	 (195,406)	 30,323
GROSS PROFIT	<u>2,405,867</u>	<u>1,135,827</u>
 OVERHEADS		
Wages and salaries	2,195,858	711,292
Employers national insurance contributions	20,236	22,244
Rent	14,937	1,200
Light and heat	673	387
Insurance	663	1,419
Motor expenses	6,549	4,540
Travel	1,365	1,607
Telephone	6,570	6,144
Office expenses	6,150	6,228
Repairs	1,250	3,182
Printing and stationery	3,253	2,337
Sundry expenses	15,886	21,250
Entertaining	624	8,530
Legal and professional fees	242,092	68,519
Auditors remuneration	5,800	4,500
Depreciation	3,269	9,355
Profit on disposal of fixed assets	(11,807)	-
Bank charges	<u>302</u>	<u>268</u>
	2,513,670	873,002
	(107,803)	262,825
 OTHER OPERATING INCOME		
Reverse provision against loan	<u>4,704</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	(103,099)	262,825
 Bank interest receivable	 91,118	 6,201
	(11,981)	269,026
 Interest payable and similar charges	 (58,912)	 (30,625)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(70,893)</u>	<u>238,401</u>

PALISADE PROPERTIES PLC

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2007

	2007	2006
	£	£
INTEREST RECEIVABLE		
Bank interest receivable	<u>91,118</u>	<u>6,201</u>
INTEREST PAYABLE AND SIMILAR CHARGES		
Bank interest payable	7,896	17,138
Interest on directors loans	50,226	10,874
Interest on overdue tax	790	2,613
	<u>58,912</u>	<u>30,625</u>