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**MILMOR PROPERTIES LIMITED
FINANCIAL STATEMENTS**

31 MARCH 2005

53921



ANDERSON ANDERSON & BROWN

Chartered Accountants
Aberdeen

MILMOR PROPERTIES LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 MARCH 2005

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The director has pleasure in presenting his report and the unaudited financial statements of the company for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was property investment and letting.

No significant developments have taken place since the year end.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

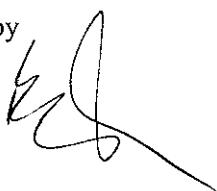
THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 31 March 2005	At 1 April 2004
B J Milne	<u>1,500</u>	<u>3,000</u>

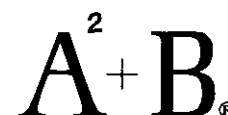
Signed by

B Milne
Director



Approved by the director on12/11/06.....

MILMOR PROPERTIES LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES
YEAR ENDED 31 MARCH 2005



Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to:

- select suitable accounting policies, as described on page 6, and then apply them consistently;
- state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

MILMOR PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2005

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	Note	2005 £	2004 £
TURNOVER		83,587	88,689
Administrative expenses		<u>53,266</u>	<u>44,577</u>
OPERATING PROFIT	2	30,321	44,112
Income from fixed asset investments	5	3,213	3,641
Interest receivable		21,231	16,964
Profit on sale of investments	6	-	249
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		54,765	64,966
Tax on profit on ordinary activities	7	8,432	11,808
RETAINED PROFIT FOR THE FINANCIAL YEAR		46,333	53,158
Balance brought forward		<u>765,369</u>	<u>712,211</u>
Balance carried forward		<u>811,702</u>	<u>765,369</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.

MILMOR PROPERTIES LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 MARCH 2005

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	2005	2004
	£	£
Profit for the financial year	46,333	53,158
Opening shareholders' equity funds	<u>771,369</u>	<u>718,211</u>
Closing shareholders' equity funds	<u>817,702</u>	<u>771,369</u>

MILMOR PROPERTIES LIMITED

BALANCE SHEET

31 MARCH 2005

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	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	220,919	218,798
Investments	9	110,482	110,482
		<u>331,401</u>	<u>329,280</u>
CURRENT ASSETS			
Debtors	10	322,657	648
Cash at bank		236,954	536,433
		<u>559,611</u>	<u>537,081</u>
CREDITORS: Amounts falling due within one year	11	73,310	94,992
NET CURRENT ASSETS		<u>486,301</u>	<u>442,089</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>817,702</u>	<u>771,369</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	6,000	6,000
Profit and loss account		811,702	765,369
SHAREHOLDERS' FUNDS		<u>817,702</u>	<u>771,369</u>

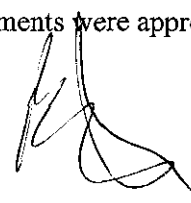
The director is satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The director acknowledges his responsibility for:

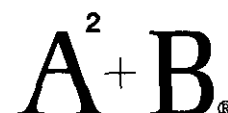
- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements were approved and signed by the director on17/1/06.....

.....
B J MILNE



MILMOR PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005



1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings - 10% reducing balance

Investment property is stated at cost and has not been revalued.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of investment properties. This is a departure from the requirement of the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view.

Depreciation is only one amongst many factors reflected in the valuation of properties, and accordingly, the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

Deferred taxation

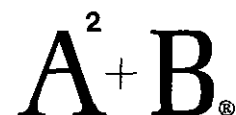
Provision is made for deferred taxation using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	803	213
Loss on disposal of fixed assets	<u>3,195</u>	<u>-</u>

MILMOR PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005



3. PARTICULARS OF EMPLOYEES

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

	2005 No.	2004 No.
Number of management staff	<u>1</u>	<u>2</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	30,000	30,000
Social security costs	<u>3,423</u>	<u>3,650</u>
	<u>33,423</u>	<u>33,650</u>

4. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	<u>30,000</u>	<u>30,000</u>

5. INCOME FROM INVESTMENTS

	2005 £	2004 £
Income from investments	<u>3,213</u>	<u>3,641</u>

6. PROFIT ON DISPOSAL OF INVESTMENTS

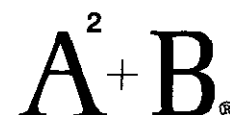
	2005 £	2004 £
Write down of investments	<u>-</u>	<u>(249)</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

	2005 £	2004 £
Current tax:		
UK Corporation Tax based on the results for the year at 19% (2004 - 19%)	8,500	11,750
Adjustment in respect of previous years: (Over)/under provision in prior years	<u>(68)</u>	<u>58</u>
Total current tax	<u>8,432</u>	<u>11,808</u>

MILMOR PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005



7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

Tax on profit on ordinary activities	<u>8,432</u>	<u>11,808</u>
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The tax charge does not materially differ from the amount which would be anticipated by applying the company's tax rate of 19%.

8. TANGIBLE FIXED ASSETS

	Investment Property £	Fixtures & Fittings £	Total £
COST			
At 1 April 2004	216,885	20,434	237,319
Additions	-	6,119	6,119
Disposals	(3,195)	-	(3,195)
At 31 March 2005	<u>213,690</u>	<u>26,553</u>	<u>240,243</u>
DEPRECIATION			
At 1 April 2004	-	18,521	18,521
Charge for the year	-	803	803
At 31 March 2005	<u>-</u>	<u>19,324</u>	<u>19,324</u>
NET BOOK VALUE			
At 31 March 2005	<u>213,690</u>	<u>7,229</u>	<u>220,919</u>
At 31 March 2004	<u>216,885</u>	<u>1,913</u>	<u>218,798</u>

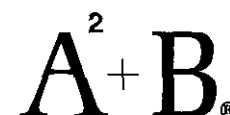
Property is stated at cost and has not been revalued. No depreciation is provided on investment property as the directors consider that this accounting policy is necessary for the accounts to give a true and fair view.

9. INVESTMENTS

Listed investments

COST	£
At 1 April 2004 and 31 March 2005	<u>110,482</u>
NET BOOK VALUE	
At 31 March 2005	<u>110,482</u>
At 31 March 2004	<u>110,482</u>

MILMOR PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005



9. INVESTMENTS *(continued)*

Listed investments

Listed investments having a net book value of £110,482 (2004 - £110,482) are held by the company and had a market value of £84,545 at the end of the year (2004 - £95,390).

Taxation on the potential capital gain if sold at valuation is £nil (2004: £200).

10. DEBTORS

	2005	2004
	£	£
Other debtors	320,000	-
Prepayments and accrued income	2,657	648
	<u>322,657</u>	<u>648</u>

11. CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Deferred income	7,859	7,859
Corporation Tax	8,500	11,750
Other creditors	28,856	21,467
Director's loan	25,595	18,266
Accruals and deferred income	2,500	35,650
	<u>73,310</u>	<u>94,992</u>

Clydesdale Bank plc hold a standard security over the property at 26 Merkland Road East.

12. RELATED PARTY TRANSACTIONS

Control

Throughout the year the company had no overall control.

Transactions

During the year the company entered into the following transactions with related parties:

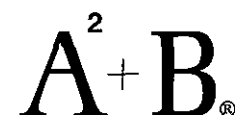
Included in debtors is £320,000 due from Spiders' Web, a partnership in which Mr B J Milne is a partner.

The movement in directors' loan is as shown in note 11.

MILMOR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005



13. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
6,000 Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No.	£	No.	£
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>