COMPANY REGISTRATION NUMBER SC080613

A.M.GILLIES LIMITED

FINANCIAL STATEMENTS

27 AUGUST 2006



J.H. GREENWOOD & COMPANY
Chartered Accountants & Registered Auditors
Ava Lodge
Castle Terrace
Berwick upon Tweed
TD15 1NP

A.M.GILLIES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 27 AUGUST 2006

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A.M.GILLIES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	A M Gillies Mrs C A Gillies D J Gillies
Company secretary	A M Gillies
Registered office	15 Atholl Crescent Edinburgh EH3 7PH
Auditor	J H Greenwood & Company Chartered Accountants & Registered Auditors Ava Lodge Castle Terrace Berwick upon Tweed TD15 1NP
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
Solicitors	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA

A.M.GILLIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 27 AUGUST 2006

The directors present their report and the financial statements of the company for the year ended 27 August 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the company during the year was that of building works and maintenance contractor The company now only carries out works for other group companies and is increasingly concentrating on the provision of facilities, maintenance, cleaning and administration functions for group properties

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 directors have not recommended a dividend

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

A M Gillies
Mrs C A Gillies
D J Gillies (Appointed 3 August 2006)

Mr A M Gillies is a director of, and major shareholder in Isertal Limited and his interest in the share capital is disclosed in the Directors' Report of that company

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 year

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable The directors must also 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 to enable them to ensure that the financial statements comply with the Companies Act 1985 The directors 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

A.M.GILLIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 27 AUGUST 2006

AUDITOR

A resolution to re appoint J H Greenwood & Company 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
15 Atholl Crescent
Edinburgh
EH3 7PH

Signed by order of the directors



A M GILLIES
Company Secretary

Approved by the directors on 23 May 2007

A.M.GILLIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A.M.GILLIES LIMITED

YEAR ENDED 27 AUGUST 2006

We have audited the financial statements of A M Gillies Limited for the year ended 27 August 2006 on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 7 to 8

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

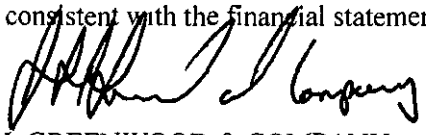
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant 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

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 27 August 2006 and of its profit for the year then ended and 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



Ava Lodge
Castle Terrace
Berwick upon Tweed
TD15 1NP

J H GREENWOOD & COMPANY
Chartered Accountants
& Registered Auditors

23 May 2007

A.M.GILLIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 27 AUGUST 2006

	Note	2006 £	2005 £
TURNOVER	**2**	**308,433**	488,799
Cost of sales		**287,071**	417,119
GROSS PROFIT		**21,362**	71,680
Administrative expenses		**7,315**	48,369
OPERATING PROFIT	**3**	**14,047**	23,311
Interest payable and similar charges		**97**	205
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**13,950**	23,106
PROFIT FOR THE FINANCIAL YEAR		**13,950**	23,106

The notes on pages 7 to 11 form part of these financial statements

A.M.GILLIES LIMITED

BALANCE SHEET

27 AUGUST 2006

	Note	2006 £	£	2005 £
FIXED ASSETS				
Tangible assets	6		**8,191**	11,689
CURRENT ASSETS				
Stocks		**68,764**		30,000
Debtors	7	**439,667**		434,226
		508,431		464,226
CREDITORS: Amounts falling due within one year	8	**498,504**		471,747
NET CURRENT ASSETS/(LIABILITIES)			**9,927**	(7,521)
TOTAL ASSETS LESS CURRENT LIABILITIES			**18,118**	4,168
CAPITAL AND RESERVES				
Called up equity share capital	11		**36,000**	36,000
Profit and loss account	12		**(17,882)**	(31,832)
SHAREHOLDERS' FUNDS			**18,118**	4,168

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on the 23 May 2007 and are signed on their behalf by

A M GILLIES

The notes on pages 7 to 11 form part of these financial statements

A.M.GILLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 27 AUGUST 2006

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Cash flow statement

The company is defined as a small company and has taken advantage of the exemption under Financial Reporting Standard 1 not to prepare a Cash Flow Statement

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

In respect of long term contracts and contracts for on going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced Turnover in respect of long term contracts and contracts for on going services is recognised by reference to the stage of completion

Fixed assets

All fixed assets are initially recorded at cost

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

Plant and machinery	10 years
Office equipment	7 years

Stocks and work in progress

Work in progress has been included at the value at which it will be charged out to customers

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership the assets are treated as if they had been purchased outright The amount capitalised is the cost of the asset to the lessor and this is depreciated over its useful economic life The corresponding leasing commitments are shown as amounts payable to the lessor Lease payments are split between capital and interest The interest element is charged to the profit and loss account while the capital portion reduces the amounts payable to the lessor

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

Deferred taxation

Deferred taxation is provided on the liability method unless there is reasonable probability that such liability will not arise within three years of the end of the financial year

2. TURNOVER

Turnover and the profit on ordinary activities are attributable to the company's principal activity of building contractors within UK Turnover represents sales invoiced, net of value added tax

3. OPERATING PROFIT

Operating profit is stated after charging

	2006	2005
	£	£
Depreciation of owned fixed assets	3,497	3,657
Auditor's fees	2,600	2,600

4. PARTICULARS OF EMPLOYEES

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

	2006	2005
	No	No
Office and management	1	2
Tradesmen and manual workers	5	8
	6	10

The aggregate payroll costs of the above were:

	2006	2005
	£	£
Wages and salaries	87,851	124,006
Social security costs	4,256	10,021
Other pension costs	1,914	1,914
	94,021	135,941

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no liability to taxation due to the availability of losses

A.M.GILLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 27 AUGUST 2006

6 TANGIBLE FIXED ASSETS

	Plant & Machinery £	Office equipment £	Total £
COST			
At 28 August 2005	**18,224**	**43,525**	**61,749**
Disposals	**(8,440)**	**(25,085)**	**(33,525)**
At 27 August 2006	**9,784**	**18,440**	**28,224**
DEPRECIATION			
At 28 August 2005	**12,486**	**37,574**	**50,060**
Charge for the year	**731**	**2,766**	**3,497**
On disposals	**(8,440)**	**(25,084)**	**(33,524)**
At 27 August 2006	**4,777**	**15,256**	**20,033**
NET BOOK VALUE			
At 27 August 2006	**5,007**	**3,184**	**8,191**
At 27 August 2005	5,738	5,951	11,689

7 DEBTORS

	2006 £	2005 £
Trade debtors	**11,765**	6,483
Amounts owed by group undertakings	**255,633**	425,894
Other debtors	**172,269**	1,849
	439,667	434,226

8 CREDITORS· Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	**477,157**	447,675
Trade creditors	**16,464**	11,781
Other taxation and social security	**2,482**	7,049
Other creditors	**2,401**	5,242
	498,504	471,747

9 GOING CONCERN

The directors are of the opinion that it is appropriate to prepare the financial statements under the going concern basis of accounting

The company meets its day to day working capital requirements through an overdraft facility provided to the Isertal Group by the Bank of Scotland which is repayable on demand The overdraft facility of £400,000 is valid until 30 June 2007 and the Group expects to be able to work within the limit and this is anticipated to continue These views are based on the Group's plans and on discussions with the company's bankers

The group has agreed to support the company for the foreseeable future

The Bank of Scotland hold the following security

* Letter of guarantee by A M Gillies and Mrs C A Gillies collateralised by a postponed standard security over dwelling house West Garleton House, Haddington

* Cross letters of guarantee and letters of offset by Isertal Limited and A M Gillies Limited

* Assignation of life policy over the life of A M Gillies

10. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8, in relation to subsidiary companies whose voting rights are controlled within the group to the extent of 90% or more, not to disclose transactions with other group companies

During the year work for £37,137 was carried out for Garleton Development Company Limited This was included in work in progress at the end of the year Garleton Development Company Limited is controlled by A M Gillies and C A Gillies

11. SHARE CAPITAL

Authorised share capital:

	2006	2005
	£	£
36,000 Ordinary shares of £1 each	**36,000**	36,000

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	**36,000**	**36,000**	36,000	36,000

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
Balance brought forward	36,000	(31,832)	4,168
Profit for the year	–	13,950	13,950
Balance carried forward	36,000	(17,882)	18,118

13. ULTIMATE PARENT COMPANY

The ultimate holding company is Isertal Limited, a company incorporated in Scotland