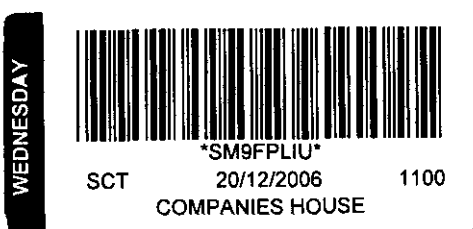


Ogilvie Homes Limited

Report and Financial Statements

30 June 2006

Registered No 91421



Directors' report

The directors present their report and financial statements for the year to 30 June 2006

Results and dividends

The profit for the year, after taxation, amounted to £2,093,342. An ordinary dividend of £750,000 was during the year.

Review of the business

The company's principal activity during the year was residential property development.

The company has had another successful year, turnover having increased 27% to £19.7m and pre-tax profit having increased by over £1m to £2,727,156.

The company experienced this growth in profits in a buoyant housing market. The land bank for future developments has been strengthened through further land purchases and strategic joint ventures.

The key performance indicator is the land bank, which is in a healthy position at the year end.

Directors and their interests

The directors who served during the year were:

D H Ogilvie

J F Watson

A D Ogilvie

S P Lloyd

J Milne

R G H Moyes

M McCann (appointed 10 April 2006)

None of the directors held any interest in the shares of the company.

The directors' interests in other group companies are disclosed in the directors' report of Ogilvie Group Limited, the ultimate parent company.

Close company

The company is a close company within the provisions of the Income and Corporation Taxes Act, 1988.

Financial risk management objectives and policies

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities such as trade creditors and trade debtors arise directly from operating activities.

Interest rate risk The company invests surplus cash in a floating rate interest yielding bank deposit account. The company's interest income and expenses are therefore affected by the movements in interest rates. The company does not undertake active hedging of this risk.

Directors' report

Directors Statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company under section 386 Companies Act 1985

On behalf of the board



John Watson
Director and Secretary

Ogilvie House
Pirnhall Business Park
Whins of Milton
Stirling

7/12/2006

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period 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,
- 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 directors are responsible for keeping proper accounting records which 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. 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

Independent auditors' report to the members of Ogilvie Homes Limited

We have audited the company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, 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.

Basis of audit opinion

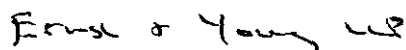
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, of the state of the company's affairs as at 30 June 2006 and of its profit 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.



Ernst & Young LLP
Registered Auditor
Glasgow

11/12/2006

Profit and loss account

for the year ended 30 June 2006

	Notes	2006 £	2005 £
Turnover	2	19,721,006	15,472,924
Cost of sales		14,792,782	11,932,282
Gross profit		4,928,224	3,540,642
Distribution costs		346,445	408,204
Administrative expenses		1,591,916	1,348,679
Operating profit	3	2,989,863	1,783,759
Interest payable	5	262,707	276,974
Profit on ordinary activities before taxation		2,727,156	1,506,785
Tax on profit on ordinary activities	6	633,814	456,861
Profit on ordinary activities after taxation	15	2,093,342	1,049,924

Statement of total recognised gains and losses

for the year ended 30 June 2006

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £2,093,342 in the year ended 30 June 2006 and £1,049,924 in the year ended 30 June 2005

Balance sheet

at 30 June 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	8		10,457
Investments	9	600	100
		<u>600</u>	<u>10,557</u>
Current assets			
Stocks	10	12,405,917	10,071,827
Debtors	11	5,158,061	2,523,745
Cash at bank and in hand		468	687,027
		<u>17,564,446</u>	<u>13,282,599</u>
Creditors amounts falling due within one year	12	15,575,234	12,646,686
Net current assets		<u>1,989,212</u>	<u>635,913</u>
		<u>1,989,812</u>	<u>646,470</u>
Capital and reserves			
Share capital	14	100	100
Profit and loss account	15	1,989,712	646,370
Equity shareholders' funds		<u>1,989,812</u>	<u>646,470</u>



Steve Lloyd
Director

7/12/2006

Notes to the financial statements

at 30 June 2006

1. Accounting policies

Accounting convention

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

The company has adopted Financial Reporting Standard 21 'Events after the Balance Sheet Date' in these financial statements. Dividends are now recorded where an obligation exists at the balance sheet date. Consequently, dividends which the company approves in general meeting after the balance sheet date are no longer accrued, but are required to be disclosed in the notes to the financial statements. This policy change has no impact on the figures within these financial statements.

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements, as it is a wholly owned subsidiary undertaking of Ogilvie Group Limited, which will produce a consolidated cash flow statement. The financial statements of this company are publicly available.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land and investment properties at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Sales office equipment	over 3 years
Fixtures and fittings	over 5 years

Stocks and work in progress

Work in progress is valued at the cost of related land, direct materials and labour plus attributable production overheads less provision for foreseeable losses.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Notes to the financial statements

at 30 June 2006

1. Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account so as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover which is stated net of value added tax represents the invoiced amount of goods sold and services provided. The date of sale is taken as the date a house is substantially complete following signing of missives.

3. Operating profit

(a) This is stated after charging

	2006 £	2005 £
Auditors' remuneration – audit services	9,000	8,500
Depreciation on owned assets	10,457	4,800
	<u> </u>	<u> </u>

(b) Directors' remuneration

	2006 £	2005 £
Directors' emoluments including pension contributions	312,430	334,884
	<u> </u>	<u> </u>
Emoluments of highest paid director excluding pension contributions	110,200	100,364
	<u> </u>	<u> </u>
Defined pension contributions of highest paid director	9,306	8,348
	<u> </u>	<u> </u>

The number of directors who perform qualifying services for the company that are members of money purchase schemes is 5.

4. Staff costs

	2006 £	2005 £
Wages and salaries	749,347	686,891
Social security costs	81,138	74,574
Pension costs	60,193	54,126
	<u> </u>	<u> </u>
	890,678	815,591
	<u> </u>	<u> </u>

Notes to the financial statements

at 30 June 2006

4. Staff costs (continued)

	2006 No	2005 No
The average weekly number of employees during the year was	24	22

5. Interest payable

	2006 £	2005 £
Bank overdraft interest	262,707	276,974

6. Tax on profit on ordinary activities

	2006 £	2005 £
UK corporation tax		
UK corporation tax on profits of the period	637,265	455,931
Adjustments in respect of previous periods	673	673
	<u>637,938</u>	<u>456,604</u>
Deferred tax		
Originating and reversal of timing differences	(4,124)	257
	<u>633,814</u>	<u>456,861</u>

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK

The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	2,727,156	1,506,785
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 – 30%)	818,147	452,036
Effect of		
Disallowed expenses and non taxable income	31,264	3,983
Depreciation in excess of capital allowances	4,124	(88)
Adjustments in respect of previous periods' group relief	673	673
Group relief received for nil payment	(216,270)	
Current tax charge for the period	<u>637,938</u>	<u>456,604</u>

Notes to the financial statements

at 30 June 2006

6. Tax on profit on ordinary activities (continued)

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

7. Dividends

	2006 £	2005 £
Equity dividends at £7,500 (2005 £2,500) per share	750,000	250,000

8. Tangible fixed assets

	<i>Sales office equipment</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost			
At 1 July 2005	41,274	57,731	99,005
Disposals	(26,274)	(57,731)	(84,005)
At 30 June 2006	15,000		15,000
Depreciation			
At 1 July 2005	36,808	51,740	88,548
Charge for year	4,466	5,991	10,457
On disposals	(26,274)	(57,731)	(84,005)
At 30 June 2006	15,000		15,000
Net book value			
At 30 June 2006			
At 1 July 2005	4,466	5,991	10,457

Notes to the financial statements

at 30 June 2006

9. Investments

	<i>Subsidiary undertaking</i>	<i>Joint venture</i>	<i>Total</i>
	£	£	£
At cost			
At 1 July 2005	100		100
Additions		500	500
At 30 June 2006	<u>100</u>	<u>500</u>	<u>600</u>

Subsidiary undertaking

The company holds 100% of the allotted and issued ordinary share capital of Ogilvie Abbotstord Limited. This subsidiary undertaking is dormant and registered in Scotland.

Joint venture

During the year, the company subscribed at par for 500 ordinary shares of £1 (50%) of Freedom Homes (Stirling) Limited, a newly incorporated company in Scotland.

10. Stocks

	<i>2006</i>	<i>2005</i>
	£	£
Land held for development	8,445,153	3,542,749
Work in progress	3,960,764	6,529,078
	<u>12,405,917</u>	<u>10,071,827</u>

11. Debtors

	<i>2006</i>	<i>2005</i>
	£	£
Trade debtors	1,969,896	2,417,967
Amount due from joint venture	3,113,403	
Other taxes and social security costs	55,668	67,230
Prepayments	13,574	37,152
Deferred tax asset (note 13)	5,520	1,396
	<u>5,158,061</u>	<u>2,523,745</u>

An amount of £2,829,208 included within 'Amount due from joint venture' is due after more than one year.

Notes to the financial statements

at 30 June 2006

12. Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft (see below)	8,148,427	
Trade creditors	424,173	295,406
Amounts due to group undertakings	5,287,882	11,237,538
Corporation tax	294,959	226,044
Other taxes and social security costs	21,102	21,494
Other creditors	1,125,335	606,087
Accruals	263,506	230,567
Payments on account	9,850	29,550
	<u>15,575,234</u>	<u>12,646,686</u>

The bank overdraft is secured by a floating charge granted in favour of The Royal Bank of Scotland PLC

13. Deferred taxation

	£
Deferred tax asset	
At 1 July 2005	1,396
Provided during year	4,124
At 30 June 2006	<u>5,520</u>

	2006 £	2005 £
The deferred tax consists of		
Accelerated capital allowances	<u>5,520</u>	<u>1,396</u>

14. Share capital

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

Notes to the financial statements

at 30 June 2006

15. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total shareholders' funds £000</i>
At 1 July 2004	100	(153,554)	(153,454)
Profit for the year		1,049,924	1,049,924
Dividends paid		(250,000)	(250,000)
At 30 June 2005	100	646,370	646,470
Profit for the year		2,093,342	2,093,342
Dividends paid (see note 7)		(750,000)	(750,000)
At 30 June 2006	100	1,989,712	1,989,812

16. Contingent liabilities

The company has a contingent liability for the overdrafts of the other group undertakings which it has guaranteed without limit

The company has other contingent liabilities in respect of performance bonds granted by the Bank

17. Pensions

The group operates a defined contribution pension scheme, the assets of which are held separately from those of the group in an independently administered fund. Details of the scheme are contained in the financial statements of Ogilvie Group Limited.

18. Ultimate parent company

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Ogilvie Group Limited registered in Scotland. Copies of Ogilvie Group Limited's financial statements can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.