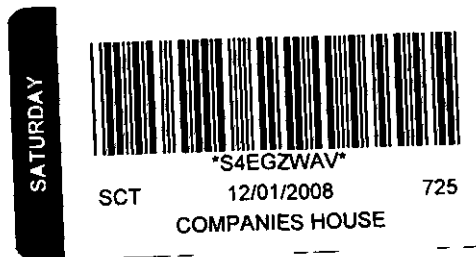


Ogilvie Homes Limited

Report and Financial Statements

30 June 2007

Registered No 91421



Directors' report

The directors present their report and financial statements for the year to 30 June 2007

Results and dividends

The profit for the year, after taxation, amounted to £2,419,000. An ordinary dividend of £1,000,000 was paid 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 12% to £22.1m and pre tax profit having increased by £473,000 to £3,200,000.

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

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

Disabled employees

Disabled persons are employed by the company where a suitable vacancy occurs. The aptitudes and abilities of disabled persons are not easily met in those aspects of our business involving site work, however, they are given full and fair consideration where vacancies arise in more suitable areas such as joinery. Every effort is made to ensure that employees who become injured or disabled in the course of their employment are given training so that they can continue employment with the 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

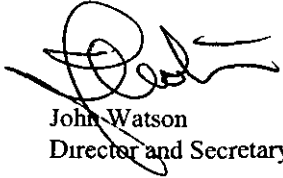
The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- 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

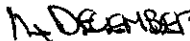
Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company under section 386 Companies Act 1985

On behalf of the board



John Watson
Director and Secretary

Ogilvie House
Pirnhall Business Park
Whins of Milton
Stirling

 2007

Statement of directors' responsibilities in respect of the financial statements

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 19. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 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.

Independent auditors' report

to the members of Ogilvie Homes Limited (continued)

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 2007 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

Ernst & YoungLLP
Registered Auditor
Glasgow

17/12/ 2007

Profit and loss account

for the year ended 30 June 2007

	<i>Notes</i>	<i>2007</i> £000	<i>2006</i> £000
Turnover	2	22,108	19,721
Cost of sales		15,743	14,793
Gross profit		6,365	4,928
Distribution costs		496	346
Administrative expenses		2,137	1,592
Operating profit	3	3,732	2,990
Interest payable	5	532	263
Profit on ordinary activities before taxation		3,200	2,727
Tax on profit on ordinary activities	6	781	634
Profit on ordinary activities after taxation	15	2,419	2,093

Statement of total recognised gains and losses

for the year ended 30 June 2007

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £2,419,000 in the year ended 30 June 2007 and £2,093,000 in the year ended 30 June 2006

Balance sheet

at 30 June 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	8		
Investments	9	1	1
		<u>1</u>	<u>1</u>
Current assets			
Stocks	10	15,691	12,406
Debtors	11	8,378	5,158
Cash at bank and in hand		1	1
		<u>24,070</u>	<u>17,565</u>
Creditors amounts falling due within one year	12	20,662	15,576
Net current assets		<u>3,408</u>	<u>1,989</u>
		<u>3,409</u>	<u>1,990</u>
Capital and reserves			
Share capital	14		
Profit and loss account	15	3,409	1,990
Equity shareholders' funds		<u>3,409</u>	<u>1,990</u>



Steve Lloyd
Director

14th DEC 2007

Notes to the financial statements

at 30 June 2007

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.

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.

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.

Notes to the financial statements

at 30 June 2007

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be readily measured. Revenue from the sales of services and revenue from construction contracts is recognised by reference to the stage of completion. The stage of completion of the contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work, dependent upon the nature of the underlying contract.

Revenue from house sales is recognised by reference to the date of sale which is taken as the date a house is substantially complete following signing of missives.

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

	2007 £000	2006 £000
Auditors' remuneration – audit services	13	9
Depreciation of owned assets		10
	<u> </u>	<u> </u>

(b) Directors' remuneration

	2007 £000	2006 £000
Directors' emoluments excluding pension contributions	423	287
	<u> </u>	<u> </u>
Defined pension contributions	46	26
	<u> </u>	<u> </u>
Emoluments of highest paid director excluding pension contributions	127	110
	<u> </u>	<u> </u>
Defined pension contributions of highest paid director	18	9
	<u> </u>	<u> </u>

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

Notes to the financial statements

at 30 June 2007

4. Staff costs

	2007	2006
	£000	£000
Wages and salaries	1,160	750
Social security costs	127	81
Pension costs	100	60
	<u>1,387</u>	<u>891</u>

	2007	2006
	No	No
The average weekly number of employees during the year was	<u>33</u>	<u>24</u>

5 Interest payable

	2007	2006
	£000	£000
Bank overdraft interest	<u>532</u>	<u>263</u>

6. Tax on profit on ordinary activities

	2007	2006
	£000	£000
The tax charge is made up as follows		
UK corporation tax		
UK corporation tax on profits of the period	818	637
Adjustments in respect of previous periods	(40)	1
	<u>778</u>	<u>638</u>
Deferred tax		
Originating and reversal of timing differences	3	(4)
	<u>781</u>	<u>634</u>

Notes to the financial statements

at 30 June 2007

6. Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the period

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

The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	3,200	2,727
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	960	818
Effect of		
Disallowed expenses and non taxable income	6	31
Depreciation in excess of capital allowances	(1)	4
Adjustments in respect of previous periods	(40)	1
Group relief received for nil payment	(147)	(216)
Current tax charge for the period	778	638

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

	2007 £000	2006 £000
Equity dividends at £10,000 (2006 £7,500) per share	1,000	750

8. Tangible fixed assets

	Sales office equipment £000
Cost	
At 1 July 2006 and 30 June 2007	15
Depreciation	
At 1 July 2006 and 30 June 2007	15
Net book value	
At 30 June 2007	
At 1 July 2006	

Notes to the financial statements

at 30 June 2007

9. Investments

	<i>Subsidiary undertaking</i>	<i>Joint venture</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At cost			
At 1 July 2006 and 30 June 2007		1	1

Subsidiary undertaking

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

Joint venture

In the year 2006, 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>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Land held for development	8,290	8,445
Work in progress	7,401	3,961
	<u>15,691</u>	<u>12,406</u>

11. Debtors

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	4,619	1,970
Amount due from joint venture	3,237	3,113
Other taxes and social security costs	242	56
Prepayments	14	14
Amount Due by Group Undertaking	264	
Deferred tax asset (note 13)	3	5
	<u>8,379</u>	<u>5,158</u>

An amount of £2,612,500 (2006: £2,612,500) included within 'Amount due from joint venture' is due after more than one year.

Notes to the financial statements

at 30 June 2007

12 Creditors: amounts falling due within one year

	2007	2006
	£000	£000
Bank overdraft (see below)	1,948	8,149
Trade creditors	2,362	424
Amounts due to group undertakings	14,187	5,288
Corporation tax	369	295
Other taxes and social security costs	58	21
Other creditors	1,204	1,125
Accruals	519	264
Payments on account	15	10
	<u>20,662</u>	<u>15,576</u>

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

13. Deferred taxation

	£000
Deferred tax asset	
At 1 July 2006	6
Provided during year	(1)
Adjustments in respect of prior years	(2)
	<u>3</u>
At 30 June 2007	<u>3</u>

	2007	2006
	£000	£000
The deferred tax consists of		
Accelerated capital allowances	3	6
	<u>3</u>	<u>6</u>

14. Share capital

	2007	2006
	£	£
Authorised		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes to the financial statements

at 30 June 2007

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 2005		647	647
Profit for the year		2,093	2,093
Dividends paid (see note 7)		(750)	(750)
At 30 June 2006		1,990	1,990
Profit for the year		2,419	2,419
Dividends paid (see note 7)		(1,000)	(1,000)
At 30 June 2007		3,409	3,409

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. Related party transactions

Included within debtors is an amount owed from Freedom Homes (Stirling) Limited of £3,237,000 (2006 £3,113,000). This amount appears in the accounts of Freedom Homes (Stirling) Limited within creditors.

S P Lloyd and D H Ogilvie are directors of Freedom Homes (Stirling) Limited.

19. 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.