REGISTRAR

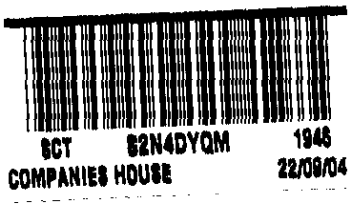
COMPANY REGISTRATION NUMBER SC187613

DOUGLAS BAILLIE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2003



FRENCH DUNCAN
Chartered Accountants & Registered Auditor
375 West George Street
Glasgow
G2 4LW

DOUGLAS BAILLIE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

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DOUGLAS BAILLIE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr D R G Baillie Mr D S Baillie
Company secretary	Mrs J A Binner
Registered office	Harvard House Perth Airport Scone Perthshire PH2 6PL
Auditors	French Duncan Chartered Accountants & Registered Auditor 375 West George Street Glasgow G2 4LW
Bankers	The Royal Bank of Scotland plc 12 Dunkeld Road Perth
Solicitors	McGrigor Donald 70 Wellington Street Glasgow G2 6SB

DOUGLAS BAILLIE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the period was independent financial advisors.

The company continues to attract company pension scheme business, high net worth individuals and companies seeking high quality financial advice at a time when margins are under pressure and the costs of compliance continue to escalate.

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 recommended the following dividends:

	2003	2002
	£	£
Dividends paid on ordinary shares	**75,000**	87,750

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 December 2003	1 January 2003
Mr D R G Baillie	**43,537**	43,537
Mr D S Baillie	**–**	–

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 10, 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.

DOUGLAS BAILLIE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2003

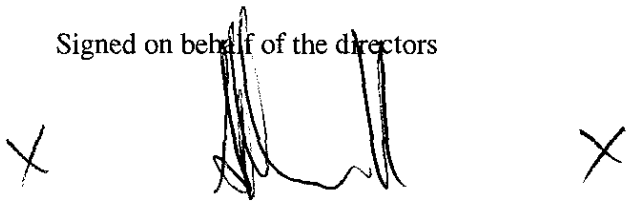
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

Registered office:
Harvard House
Perth Airport
Scone
Perthshire
PH2 6PL

Signed on behalf of the directors



Mr D R G Baillie
Director

Approved by the directors on 10th September 2004

DOUGLAS BAILLIE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOUGLAS BAILLIE LIMITED

YEAR ENDED 31ST DECEMBER 2003

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

DOUGLAS BAILLIE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOUGLAS BAILLIE LIMITED *(continued)*

YEAR ENDED 31ST DECEMBER 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

FRENCH DUNCAN
Chartered Accountants
& Registered Auditor

375 West George Street
Glasgow
G2 4LW

10th September 2004

DOUGLAS BAILLIE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER	2	**585,075**	608,143
Administrative expenses		**538,493**	558,000
OPERATING PROFIT	3	**46,582**	50,143
Loss on disposal of fixed assets	6	**(5,847)**	–
		40,735	50,143
Interest receivable		**102**	24
Interest payable and similar charges	7	**(3,784)**	(2,357)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**37,053**	47,810
Tax on profit on ordinary activities	8	**13,516**	18,801
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**23,537**	29,009
Dividends	9	**75,000**	87,750
LOSS FOR THE FINANCIAL YEAR		**(51,463)**	(58,741)
Balance brought forward		**160,370**	219,111
Balance carried forward		**108,907**	160,370

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.

DOUGLAS BAILLIE LIMITED

BALANCE SHEET

31ST DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	10	**119,224**	143,471
Tangible assets	11	**36,220**	70,654
		155,444	214,125
CURRENT ASSETS			
Debtors	12	**195,230**	169,342
Cash at bank and in hand		**1,219**	862
		196,449	170,204
CREDITORS: Amounts falling due within one year	13	**196,391**	174,518
NET CURRENT ASSETS/(LIABILITIES)		**58**	(4,314)
TOTAL ASSETS LESS CURRENT LIABILITIES		**155,502**	209,811
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	**3,058**	5,904
		152,444	203,907
CAPITAL AND RESERVES			
Called-up equity share capital	17	**43,537**	43,537
Profit and loss account		**108,907**	160,370
SHAREHOLDERS' FUNDS	18	**152,444**	203,907

These financial statements were approved by the directors on the 10th September 2004 and are signed on their behalf by:

MR D R G BAILLIE

DOUGLAS BAILLIE LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2003

	2003 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	**64,281**	66,030
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	**102**	24
Interest paid	**(2,660)**	(1,650)
Interest element of hire purchase	**(1,124)**	(707)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(3,682)**	(2,333)
TAXATION	**(32,244)**	–
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	**(5,301)**	(34,097)
Receipts from sale of fixed assets	**9,000**	23,700
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	**3,699**	(10,397)
EQUITY DIVIDENDS PAID	**(75,000)**	(87,750)
CASH OUTFLOW BEFORE FINANCING	**(42,946)**	(34,450)
FINANCING		
Capital element of hire purchase	**(5,385)**	(5,873)
NET CASH OUTFLOW FROM FINANCING	**(5,385)**	(5,873)
DECREASE IN CASH	**(48,331)**	(40,323)

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	**46,582**	50,143
Amortisation	**24,247**	24,246
Depreciation	**24,888**	26,641
Increase in debtors	**(25,888)**	(15,770)
Decrease in creditors	**(5,548)**	(19,230)
Net cash inflow from operating activities	**64,281**	66,030

DOUGLAS BAILLIE LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2003

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Decrease in cash in the period	(48,331)	(40,323)
Cash outflow in respect of hire purchase	5,385	5,873
	(42,946)	(34,450)
Change in net debt	(42,946)	(34,450)
Net debt at 1 January 2003	(50,158)	(15,709)
Net debt at 31 December 2003	(93,104)	(50,158)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	862	357	1,219
Overdrafts	(45,635)	(48,688)	(94,323)
	(44,773)	(48,331)	(93,104)
Debt:			
Hire purchase agreements	(5,385)	5,385	–
Net debt	(50,158)	(42,946)	(93,104)

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

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

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

Goodwill

Goodwill is the difference between the fair value of the consideration given on the acquisition of the business and the aggregate fair value of the separable net assets acquired.

Amortisation

Amortisation 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:

Goodwill	-	over 10 years

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:

Fixtures & Fittings	-	20% Straight line
Motor Vehicles	-	20% Straight line
Equipment	-	20% straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Deferred tax balances are not discounted. Deferred tax assets are only recognised where it is reasonably certain that the asset will be recoverable in the foreseeable future.

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

2. *TURNOVER*

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	**585,075**	608,143

3. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Amortisation	**24,247**	24,246
Depreciation of owned fixed assets	**24,888**	24,092
Depreciation of assets held under hire purchase agreements	**–**	2,549
Auditors' remuneration		
- as auditors	**3,600**	3,600
- for other services	**5,578**	6,819
Inter-company balances forgiven	**–**	24,500

4. PARTICULARS OF EMPLOYEES

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

	2003	2002
	No	No
Number of administrative staff	**7**	8
Number of management staff	**2**	1
	9	9

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	**258,820**	252,675
Social security costs	**27,040**	27,440
	285,860	280,115

5. DIRECTORS' EMOLUMENTS

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

	2003	2002
	£	£
Aggregate emoluments	**78,764**	57,288

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

6. LOSS ON DISPOSAL OF FIXED ASSETS

	2003 £	2002 £
Loss on disposal of fixed assets	**(5,847)**	–

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Interest payable on bank borrowing	**1,905**	1,187
Finance charges	**1,124**	707
Other similar charges payable	**755**	463
	3,784	2,357

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 20/19.25%)	**12,794**	16,917
Over/under provision in prior year	**3,568**	–
Total current tax	**16,362**	16,917
Deferred tax:		
Origination and reversal of timing differences (note 15)		
Other	**(2,846)**	1,884
Tax on profit on ordinary activities	**13,516**	18,801

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 19.25%).

	2003 £	2002 £
Profit on ordinary activities before taxation	**37,053**	47,810
Profit on ordinary activities by rate of tax	**7,040**	9,203
Expenses not deductible for tax purposes	**10,446**	9,826
Capital allowances in excess of depreciation	**(4,692)**	(2,112)
Adjustment in respect of previous year	**3,568**	–
Total current tax (note 8(a))	**16,362**	16,917

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

9. DIVIDENDS

The following dividends have been paid in respect of the year:

	2003	2002
	£	£
Dividend paid on ordinary shares	**75,000**	87,750

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1st January 2003 and 31st December 2003	**242,463**
AMORTISATION	
At 1st January 2003	**98,992**
Charge for the year	**24,247**
At 31st December 2003	**123,239**
NET BOOK VALUE	
At 31st December 2003	**119,224**
At 31st December 2002	143,471

11. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Motor Vehicles	Equipment	Total
	£	£	£	£
COST				
At 1st January 2003	**17,067**	**41,240**	**78,879**	**137,186**
Additions	**1,828**	**–**	**3,473**	**5,301**
Disposals	**–**	**(23,545)**	**–**	**(23,545)**
At 31st December 2003	**18,895**	**17,695**	**82,352**	**118,942**
DEPRECIATION				
At 1st January 2003	**9,147**	**15,958**	**41,427**	**66,532**
Charge for the year	**3,758**	**4,814**	**16,316**	**24,888**
On disposals	**–**	**(8,698)**	**–**	**(8,698)**
At 31st December 2003	**12,905**	**12,074**	**57,743**	**82,722**
NET BOOK VALUE				
At 31st December 2003	**5,990**	**5,621**	**24,609**	**36,220**
At 31st December 2002	7,920	25,282	37,452	70,654

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

11. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements
Included within the net book value of £36,220 is £Nil (2002 - £9,556) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2002 - £2,549).

12. DEBTORS

	2003	2002
	£	£
Trade debtors	**25,358**	32,353
Other debtors	**30,910**	36,958
Directors current accounts	**136,250**	84,022
Prepayments and accrued income	**2,712**	16,009
	195,230	169,342

Included within directors' current accounts was a loan to Mr D R G Baillie, a director, with a balance of £88,821 at the start of the year and £133,905 at the end of the year. The maximum amount of this loan during the year was £141,911.

13. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	**94,323**	45,635
Trade creditors	**6,766**	5,542
Corporation tax	**35,919**	51,801
PAYE and social security	**6,847**	35,821
Hire purchase agreements	**–**	5,385
Other creditors	**40,330**	18,155
Accruals and deferred income	**12,206**	12,179
	196,391	174,518

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

	2003	2002
	£	£
Bank loans and overdrafts	**94,323**	45,635

Mr D R G Baillie has also provided a personal guarantee.

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	–	5,902
Less interest and finance charges relating to future periods	–	(517)
	–	5,385

15. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	**5,904**	4,020
Profit and loss account movement arising during the year	**(2,846)**	1,884
Provision carried forward	**3,058**	5,904

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Other timing differences	**3,058**	5,904
	3,058	5,904

16. RELATED PARTY TRANSACTIONS

During the year Douglas Baillie Ltd paid expenses of £9,975 (2002 - £5,683) on behalf of G60 Ltd, a company under the control of Mr D R G Baillie. The company also advanced funds of £23,500 (2002 - £15,000) to G60 Ltd. In addition G60 Ltd advanced funds of £115,000 (2002 - £Nil). The amount due to this company at the year end was £40,330 (amount due from this company 2002 - £16,196).

A management charge for the year of £25,000 (2002 - £Nil) was levied on G60 Ltd by Douglas Baillie Ltd.

During the year Douglas Baillie Ltd advanced no funds (2002 - £24,500) to G60 Technologies Ltd, a company under the control of Mr D R G Baillie. The amount due from this company at the year end was £Nil (2002 - £Nil).

During the year expenses of £10,647 (2002 - £16,808) were paid on behalf of DB Consultancy Ltd, a company under the control of Mr D R G Baillie. The amount due from this company at the year end was £27,455 (2002 - £16,808).

The company was under the control of Mr D R G Baillie throughout the current and previous year. Mr Baillie is the managing director and majority shareholder.

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

17. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
60,000 Ordinary shares of £1 each	**60,000**	60,000

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	**43,537**	**43,537**	43,537	43,537

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	**23,537**	29,009
Dividends	**(75,000)**	(87,750)
	(51,463)	(58,741)
Opening shareholders' equity funds	**203,907**	262,648
Closing shareholders' equity funds	**152,444**	203,907