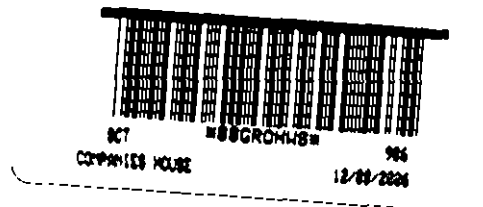


COMPANY REGISTRATION NUMBER 190868

BOURTREE INVESTMENTS LIMITED
FINANCIAL STATEMENTS
30 NOVEMBER 2005



FOURM

Chartered Accountants & Registered Auditors
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

BOURTREE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

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BOURTREE INVESTMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Gregor Robb Norman Mornice William Roberts Martin Leiper Gary Campbell Gordon Hutcheon
Company secretary	Gregor Robb
Registered office	Bourtree House Minto Drive Altens Industrial Estate Aberdeen AB12 3LW
Auditors	FourM Chartered Accountants & Registered Auditors Stannergate House 41 Dundee Road West Broughty Ferry Dundee DD5 1NB
Bankers	Royal Bank of Scotland plc 12 Golden Square Aberdeen AB9 8DU
Solicitors	Iain Smith & Company 18 - 20 Queen's Road Aberdeen AB15 4ZT

BOURTREE INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 November 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are the provision of management services and the lease of computers and motor vehicles to its subsidiary company. The principal activities of the company's subsidiary, Hutcheon Services Limited, are those of general electrical and plumbing contractors, and sheet metal workers

The directors are satisfied with the results for the year, and the prospects for the company and of its subsidiary.

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.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY

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

	Ordinary in the parent company	
	At 30 November 2005	At 1 December 2004
Gregor Robb	1,500	1,500
Norman Morrice	-	-
William Roberts	4,625	4,625
Martin Leiper	4,625	4,625
Gary Campbell	9,250	9,250
Gordon Hutcheon	-	-

BOURTREE INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

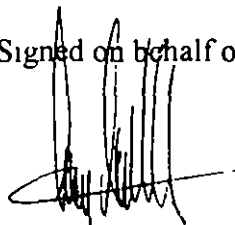
YEAR ENDED 30 NOVEMBER 2005

AUDITORS

The auditors, Dand Carnegie & Co have changed their name to FourM Chartered Accountants. A resolution to re-appoint FourM 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:
Bourtree House
Minto Drive
Altens Industrial Estate
Aberdeen
AB12 3LW

Signed on behalf of the directors



GARY CAMPBELL
Director

Approved by the directors on 21 July 2006

BOURTREE INVESTMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 NOVEMBER 2005

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 11 to 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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. 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

BOURTREE INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BOURTREE INVESTMENTS LIMITED
YEAR ENDED 30 NOVEMBER 2005

We have audited the financial statements of Bourtree Investments Limited for the year ended 30 November 2005 on pages 7 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12

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

BOURTREE INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BOURTREE INVESTMENTS LIMITED *(continued)*
YEAR ENDED 30 NOVEMBER 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Four M

FOURM
Chartered Accountants
& Registered Auditors

Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

21-July 2006

BOURTREE INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2005**

	Note	2005 £	2004 £
TURNOVER	2	652,784	757,783
Administrative expenses		543,215	605,358
OPERATING PROFIT	3	109,569	152,425
Interest payable and similar charges	6	20,467	5,571
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		89,102	146,854
Tax on profit on ordinary activities	7	75,274	36,813
PROFIT FOR THE FINANCIAL YEAR		13,828	110,041
Balance brought forward		413,331	303,290
Balance carried forward		<u>427,159</u>	<u>413,331</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.

The notes on page 7 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED

BALANCE SHEET

30 NOVEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	8	1,084	1,267
Tangible assets	9	344,262	347,024
Investments	10	100,200	100,200
		<u>445,546</u>	<u>448,491</u>
CURRENT ASSETS			
Debtors	11	303,478	229,001
Cash at bank		16,056	4,767
		<u>319,534</u>	<u>233,768</u>
CREDITORS: Amounts falling due within one year	12	154,992	117,807
NET CURRENT ASSETS		<u>164,542</u>	<u>115,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		610,088	564,452
CREDITORS: Amounts falling due after more than one year	13	82,729	50,921
		<u>527,359</u>	<u>513,531</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	100,200	100,200
Profit and loss account		427,159	413,331
SHAREHOLDERS' FUNDS	18	<u>527,359</u>	<u>513,531</u>

These financial statements were approved by the directors on the 21 July 2006 and are signed on their behalf by:



GREGOR ROBB
Director

The notes on page 8 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2005**

	2005	2004
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	164,189	119,853
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(17,120)	—
Interest element of hire purchase	(3,347)	(5,571)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(20,467)	(5,571)
TAXATION	(94,223)	(50,782)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(121,449)	(138,171)
Receipts from sale of fixed assets	17,600	21,500
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(103,849)	(116,671)
CASH OUTFLOW BEFORE FINANCING	(54,350)	(53,171)
FINANCING		
Net capital element of hire purchase	65,639	42,727
NET CASH INFLOW FROM FINANCING	65,639	42,727
INCREASE/(DECREASE) IN CASH	11,289	(10,444)
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	2005	2004
	£	£
Operating profit	109,569	152,425
Amortisation	183	183
Depreciation	98,221	99,141
Loss on disposal of fixed assets	8,390	3,240
Increase in debtors	(74,477)	(176,381)
Increase in creditors	22,303	41,245
Net cash inflow from operating activities	164,189	119,853

The notes on page 9 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30 NOVEMBER 2005****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2005	2004
	£	£
Increase/(decrease) in cash in the period	11,289	(10,444)
Cash inflow in respect of hire purchase	(65,639)	(42,727)
	<u>(54,350)</u>	<u>(53,171)</u>
Change in net debt	(54,350)	(53,171)
Net debt at 1 December 2004	(76,359)	(23,188)
Net debt at 30 November 2005	<u>(130,709)</u>	<u>(76,359)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2004	Cash flows	At 30 Nov 2005
	£	£	£
Net cash			
Cash in hand and at bank	4,767	11,289	16,056
Debt:			
Hire purchase agreements	(81,126)	(65,639)	(146,765)
Net debt	<u>(76,359)</u>	<u>(54,350)</u>	<u>(130,709)</u>

The notes on page 10 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

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

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:

Vehicle Registration Plates - 10% straight line

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 - 25% reducing balance

Motor Vehicles - 25% reducing balance

Investment properties

The investment property is held for long term investment. In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment properties. This represents a departure from the Companies Act 1985 requirements to provide for a systematic annual depreciation of fixed assets. However the directors consider that, since this property is held for investment, rather than consumption, adoption of this policy is necessary to give a true and fair view.

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.

Operating lease agreements

Assets held for rental to customers under operating leases are recorded as fixed assets and depreciated over their useful lives.

Rentals received or paid under operating leases are recognised in the profit and loss account on a straight line basis over the lease term.

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

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.

2. TURNOVER

The turnover and profit before tax are attributable to the principal activities of the company. Turnover was generated 100% in the United Kingdom (2004 - 100%).

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Amortisation	183	183
Depreciation of owned fixed assets	49,228	3,080
Depreciation of assets held under hire purchase agreements	48,993	96,061
Loss on disposal of fixed assets	8,390	3,240
Auditors' remuneration		
- as auditors	<u>1,500</u>	<u>1,500</u>

4. PARTICULARS OF EMPLOYEES

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

	2005	2004
	No	No
Number of administrative staff	<u>-</u>	<u>4</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	-	41,459
Social security costs	-	4,607
Other pension costs	-	9,379
	<u>-</u>	<u>55,445</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

5. DIRECTORS' EMOLUMENTS

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

	2005	2004
	£	£
Emoluments receivable	—	49,084
Value of company pension contributions to money purchase schemes	—	9,379
	<u>—</u>	<u>58,463</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004
	No	No
Money purchase schemes	—	4

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Finance charges	3,347	5,571
Other similar charges payable	17,120	—
	<u>20,467</u>	<u>5,571</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 25.58%)	17,864	36,813
Under provision in prior years	57,410	—
Total current tax	<u>75,274</u>	<u>36,813</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(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% (2004 - 25.58%).

The company has recognised an under provision of corporation tax from previous years 2000 and 2001. This amount is disclosed in the note above.

	2005 £	2004 £
Profit on ordinary activities before taxation	89,102	146,854
Profit/(loss) on ordinary activities by rate of tax	16,929	37,565
Movement in deferred tax	898	(804)
Disallowable expenses	37	52
Under/over provision in previous year	57,410	-
Total current tax (note 7(a))	75,274	36,813

8. INTANGIBLE FIXED ASSETS

	Registration Plates £
COST	
At 1 December 2004 and 30 November 2005	1,830
AMORTISATION	
At 1 December 2004	563
Charge for the year	183
At 30 November 2005	746
NET BOOK VALUE	
At 30 November 2005	1,084
At 30 November 2004	1,267

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST				
At 1 December 2004	49,600	21,901	555,076	626,577
Additions	--	27,892	93,557	121,449
Disposals	--	--	(92,682)	(92,682)
At 30 November 2005	<u>49,600</u>	<u>49,793</u>	<u>555,951</u>	<u>655,344</u>
DEPRECIATION				
At 1 December 2004	--	12,662	266,891	279,553
Charge for the year	--	9,283	88,938	98,221
On disposals	--	--	(66,692)	(66,692)
At 30 November 2005	<u>--</u>	<u>21,945</u>	<u>289,137</u>	<u>311,082</u>
NET BOOK VALUE				
At 30 November 2005	<u>49,600</u>	<u>27,848</u>	<u>266,814</u>	<u>344,262</u>
At 30 November 2004	<u>49,600</u>	<u>9,239</u>	<u>288,185</u>	<u>347,024</u>

Operating lease agreements

Included in motor vehicles above are assets held for the purpose of letting under operating leases. At 30 November 2005 the cost of these assets was £555,951 (2004 - £555,076) and the accumulated depreciation was £289,137 (2004 - £266,891).

Hire purchase agreements

Included within the net book value of £344,262 is £146,979 (2004 - £288,185) 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 £48,993 (2004 - £96,061).

10. INVESTMENTS

	Investments in Subsidiary Undertakings £
COST	
At 1 December 2004 and 30 November 2005	<u>100,200</u>
NET BOOK VALUE	
At 30 November 2005	<u>100,200</u>
At 30 November 2004	<u>100,200</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

10. INVESTMENTS *(continued)*

Bourtree Investments Limited owns 100% of the issued share capital of Hutcheon Services Limited.

At 30 November 2005, Hutcheon Services Limited had aggregate capital and reserves of £644,306 (2004 - £589,187) and its retained profit for that year was £55,119 (2004 - £50,827).

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

11. DEBTORS

	2005 £	2004 £
Amounts owed by group undertakings	303,478	179,815
Amounts due from related party	—	49,186
	<u>303,478</u>	<u>229,001</u>

12. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	—	37,240
Corporation tax	17,865	36,814
PAYE and social security	7,061	6,599
Hire purchase agreements	64,036	30,205
Other creditors	64,530	3,196
Accruals and deferred income	1,500	3,753
	<u>154,992</u>	<u>117,807</u>

13. CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
Hire purchase agreements	<u>82,729</u>	<u>50,921</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2005 £	2004 £
Amounts payable within 1 year	64,036	30,533
Amounts payable between 2 to 5 years	82,729	50,593
	<u>146,765</u>	<u>81,126</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

15. CONTINGENCIES

The company guarantees the bank borrowings of its holding company, HSB Holdings Limited, to a maximum of £400,000. The amount due to the bank by HSB Holdings Limited at 30 November 2005 was £285,799.

The company also guarantees the bank borrowings of its subsidiary company, Hutcheon Services Limited. The amount due to the bank by Hutcheon Services Limited at 30 November 2005 was £496,331.

16. RELATED PARTY TRANSACTIONS

Bourtree Investments Limited provided management services, computer hire and car/van rental services during the year to Hutcheon Services Limited, a wholly owned subsidiary, to a value of £652,784 (2004 - £757,783).

Amounts due from Hutcheon Services Limited at 30 November 2005 amounted to £53,707 (2004 - amounts due to Hutcheon Services Limited £37,240).

During the previous year, following a management buy out, the entire share capital of the company was acquired by HSB Holdings Limited.

Bourtree Investments Limited make bank loan repayments on behalf of HSB Holdings Limited. Loan repayments made in the year amounted to £91,629 (2004 - £53,450)

At 30 November 2005, the amount due from HSB Holdings Limited was £249,771 (2004 - £179,816)

During the year, Bourtree Investments Limited paid management charges to HGL Group Limited, a company under the control of Gordon Hutcheon and Norman Morrice, for the services of these directors of this company, amounting to £125,500 (2004 - £186,724).

During the year, an amount of £49,186 due from HGL Group Limited was written off. At the year end the amount due from HGL Group Limited was £Nil (2004 - £49,186).

17. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
100,200 Ordinary shares of £1 each	<u>100,200</u>	<u>100,200</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2005

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	13,828	110,041
Opening shareholders' equity funds	513,531	403,490
Closing shareholders' equity funds	<u>527,359</u>	<u>513,531</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent company is HSB Holdings Limited, a company incorporated in Scotland.