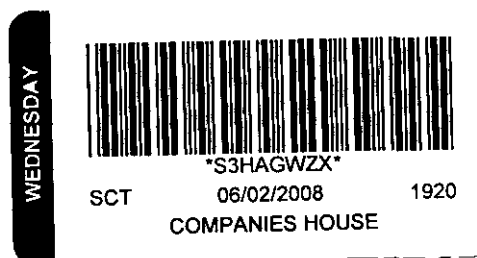


GEORGE STREET PROPERTY HOLDINGS LIMITED

REPORT and FINANCIAL STATEMENTS

For the period ended 30 September 2007



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GEORGE STREET PROPERTY HOLDINGS LIMITED

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GEORGE STREET PROPERTY HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Bruce C Weir
Robert Fisher
Alasdair D Coates

Secretary

Neil S McGuinness
32 Hazeldean Avenue
Bo'ness
West Lothian
EH51 0NS

Registered Office

37 One
37 George Street
Edinburgh
EH2 2HN

Bankers

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

Auditors

Chiene + Tait
Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

GEORGE STREET PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 30 September 2007

Principal activities

The principal activity of the company is property development. During the period the accounting reference date was changed to 30 September. These accounts cover the 14 month period from 1 August 2006 to 30 September 2007.

The company is currently developing a site in Hawick and has two options in place which it may use to acquire sites in the future.

Results and dividends

The profit for the period amounted to £187,553 (2006 loss £1,324) the directors do not recommend the payment of a dividend.

Directors

The directors of the company during the period were as follows:

Bruce C Weir

Alasdair D Coates (appointed 14 September 2006)

Robert Fisher (appointed 14 September 2006)

Statement of directors' responsibilities

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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Disclosure of information to auditors

The directors confirm that

- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and

- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD



Neil S McGuinness
Secretary

18 JAN 2008

PROPERTY HOLDINGS LIMITED

We have audited the financial statements of George Street Property Holdings Limited for the period ended 30 September 2007 set out on pages 5 to 9. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 September 2007 and of its profit for the period 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.



CHIENE + TAIT

Chartered Accountants and Registered Auditors

61 Dublin Street

Edinburgh EH3 6NL

5 February 2008

GEORGE STREET PROPERTY HOLDINGS LIMITED

PROFIT and LOSS ACCOUNT

For the period ended 30 September 2007

	Notes	14 month period ended 30 Sept 2007 £	13 month period ended 31 July 2006 £
Turnover		1,122,450	
Cost of sales		(838,860)	
		283,590	
Gross profit			
Administrative expenses		(3,644)	(1,523)
Operating profit/(loss)	3	279,946	(1,523)
Interest receivable		3,948	217
Interest payable and similar charges	4	(51,495)	(18)
Profit/ (loss) on ordinary activities before taxation		232,399	(1,324)
Tax on profit/(loss) on ordinary activities		(44,846)	
Profit/(loss) for the period	11	187,553 =====	(1,324) =====

A statement of recognised gains and losses has not been prepared as all gains and losses are shown in the profit and loss account

All activities in the period relate to continuing activities

The notes on pages 7 to 9 form part of these financial statements

GEORGE STREET PROPERTY HOLDINGS LIMITED

BALANCE SHEET

As at 30 September 2007

	Notes	2007 £	2006 £
Current Assets			
Work in progress	7	1,229,036	100,408
Debtors	8	23,251	12,410
Cash at bank		132,103	3,401
		—	
		1,384,390	116,219
Creditors Amounts falling due within one year	9	(1,198,062)	(117,444)
Net current assets/ (liabilities)		186,328	(1,225)
Net assets/ (liabilities)		186,328 =====	(1,225) =====
Capital and reserves			
Called up share capital	10	99	99
Profit and loss account	11	186,229	(1,324)
Equity shareholders' surplus/ (deficit)	12	186,328 =====	(1,225) =====

Approved by the Board of Directors and signed on its behalf by



Bruce C Weir

Director

18 JAN 2008

The notes on pages 7 to 9 form part of these financial statements

GEORGE STREET PROPERTY HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS

For the period ended 30 September 2007

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Profit is included in the financial statements in connection with property developments when a legally binding contract for the sale of the development has been entered into and legal conclusion has taken place before the period end. When legally binding contracts exist, profits on the construction and refurbishment elements of the development are determined on when the outcome can be assessed with reasonable certainty. Provisions are made in full for foreseeable losses. Other profits arising from developments are included in the financial statements only when legal completion of sale of development has been effected.

Work in progress

Development properties are stated at the lower of cost and net realisable value. Cost is computed on the total consideration paid. Net realisable value is based on estimated selling price less the estimated costs of disposal.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Deferred tax is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Cash flow statement

The company is a small company as defined by s247 of the Companies Act 1985 and is entitled to exemption from the preparation of a cash flow statement as required under Financial Reporting Standard. Consequently a cash flow statement has not been prepared.

2 Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities within the United Kingdom, stated net of value added tax.

	14 month period ended 30 September 2007 £	13 month period ended 31 July 2006 £
3 Operating profit/(loss)		
This is stated after charging		
Auditors' remuneration – audit fee	2,350	400
Auditors' remuneration – fees for non audit services	1,340	200
	=====	=====
4 Interest payable and similar charges	2007 £	2006 £
On bank loans and overdraft	51,495	18
	=====	=====

GEORGE STREET PROPERTY HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd)

For the year period 30 September 2007

5 Directors and employees

No staff costs were incurred and the directors did not receive any emoluments during the period

6 Taxation	2007 £	2006 £
Corporation tax for the current period	44,846	--
	44,846	
	=====	=====

The tax assessed for the year is lower than the expected tax charge as explained below

	2007 £	2007 £
Profit/ (loss) on ordinary activities before tax	232,399	(1,324)
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2006 30%)	46,480	(397)
Effects of		
Expenses not deductible for tax purposes	(94)	268
Difference in tax rate	(1,454)	
Losses carried forward		129
Utilisation of tax losses	(86)	
	--	
Current tax charge for the year	44,846	
	=====	=====

The company has an unrecognised deferred tax asset of £nil (2006 £129) arising from tax losses carried forward. Its recoverability is dependant upon future taxable profits arising, the likelihood of which cannot at this stage be determined with reasonable certainty.

7. Work in progress	2007 £	2006 £
Development properties	1,229,036	100,408
	=====	=====

8 Debtors	2007 £	2006 £
Amounts falling due within one year	23,152	12,311
Other taxation and social security	99	99
Unpaid share capital		
	23,251	12,410
	=====	=====

GEORGE STREET PROPERTY HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd)

For the period ended 30 September 2007

9 Creditors	Amounts falling due within one year	2007 £	2006 £
Trade creditors			12,155
Amounts due to consortium companies		58,505	104,689
Other creditors and accruals		198,804	600
Bank overdraft		895,907	
Corporation tax		44,846	
		<u>1,198,062</u>	<u>117,444</u>

The bank overdraft is secured by a standard security and floating charge over the assets of the company

10 Share capital	2007 No	Authorised 2006 No	2007 £	Allotted, called up and unpaid at 2006 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>99</u>	<u>99</u>
All share capital remains unpaid				

11 Profit and loss account	14 month Period Ended 30 September 2007 £	13 month period ended 31 July 2006 £
At 1 August 2006	(1,324)	
Profit/(loss) for the period	187,553	(1,324)
At 30 September 2007	<u>186,229</u>	<u>(1,324)</u>

12 Reconciliation of movement in equity shareholder's deficit	2007 £	2006 £
At 1 August 2006	(1,225)	
Profit/(loss) for the period	187,553	(1,324)
Share capital issued		99
At 30 September 2007	<u>186,328</u>	<u>(1,225)</u>

13 Ultimate parent company and related party transactions

There is no ultimate controlling party in the opinion of the directors

Bruce Weir, one of the directors, is a shareholder of Bruce Weir Holdings Limited who have a shareholding in George Street Property Holdings Limited At 30 September 2007, £19,467 (2006 £44,967) was due to Bruce Weir Holdings Limited At 30 September 2007, £19,467 (2006 £34,967) was due to Alasdair Coates, one of the directors of the company At 30 September 2007, £19,467 (2006 £39,967) was due to Robert Fisher, one of the directors of the company No interest was charged on any of these loans during the period