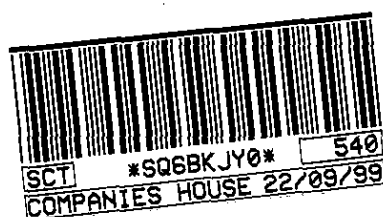


LOCHTOWER LIMITED

FINANCIAL STATEMENTS

For the year ended 28 November 1998

IAM



LOCHTOWER LIMITED

FINANCIAL STATEMENTS

For the year ended 28 November 1998

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LOCHTOWER LIMITED

COMPANY INFORMATION

Directors

James Andrew Wauchope
Victoria Catherine Wauchope

Secretary and registered office

Murray Beith Murray WS
MBM Secretarial Services Limited
39 Castle Street
Edinburgh
EH2 3BH

Bankers

Royal Bank of Scotland
6 The Square
Kelso
TD5 7HG

Solicitors

Murray Beith Murray WS
39 Castle Street
Edinburgh
EH2 3BH

Accountant

Chiene & Tait CA
61 Dublin Street
Edinburgh
EH3 6NL

LOCHTOWER LIMITED

DIRECTORS' REPORT

The directors present herewith financial statements for the year ended 28 November 1998.

Principal activity and review of the business

The profit and loss account for the year is set out on page 3.

The company is the holding company of Lochtower Farming Company Limited. Until 30 January 1998 the principal activity of Lochtower Farming Company Limited was that of farming, at which point all the assets and liabilities were sold to the company. The principal activity of the company is now farming.

Directors and their interests in the share capital of the company

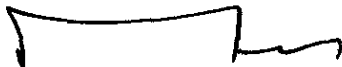
The directors at 28 November 1998 and their interests in the ordinary share capital of the company were as follows:

	Ordinary Shares	
	1998 No.	1997 No.
J A Wauchope	703,000	373,000
Mrs V C Wauchope	60,000	60,000
	=====	=====

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD



MBM SECRETARIAL SERVICES LIMITED
Secretary

For and on behalf of
MBM Secretarial Services Limited

Director and duly authorised attorney

7.9. 1999

LOCHTOWER LIMITED

PROFIT and LOSS ACCOUNT

For the year ended 28 November 1998

	Notes	1998 £	Period ended 28 November 1997 £
Turnover		147,337	-
Cost of sales		237,946	-
Gross loss		(90,609)	-
Other income		113,895	-
		23,286	-
Administrative expenses		(64,297)	(1,094)
Operating loss	2	(41,011)	(1,094)
Loss on sale of fixed assets		(2,178)	-
Interest receivable		1,769	-
Loss on ordinary activities for the year		(41,420)	(1,094)
Tax charge on results of ordinary activities	3	-	-
Loss on ordinary activities after taxation		(41,420)	(1,094)

The notes on pages 5 to 8 form part of these financial statements.

LOCHTOWER LIMITED

BALANCE SHEET

As at 28 November 1998

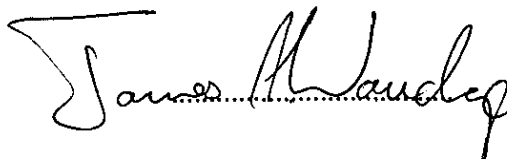
	Notes	1998	1997
		£	£
Fixed assets			
Tangible assets	4	359,692	-
Investments	5	480,342	432,116
		-----	-----
		840,034	432,116
Current assets			
Stocks	6	197,057	-
Debtors	7	90,068	-
Cash at bank and in hand		31,227	590
		-----	-----
		318,352	590
Creditors: amounts falling due within one year	8	437,900	800
		-----	-----
Net current liabilities		(119,548)	(210)
Total assets less current liabilities		720,486	431,906
		=====	=====
Capital and reserves			
Called up share capital	9	763,000	433,000
Profit and loss account	10	(42,514)	(1,094)
		-----	-----
Equity shareholders' funds		720,486	431,906
		=====	=====

The Directors:-

- confirm that for the year ended 28 November 1998 the company was entitled to the exemption under subsection (1) of section 249A;
- confirm that no notice requiring an audit had been deposited under subsection (2) of section 249B in relation to the financial statements for the financial year; and
- acknowledge their responsibilities for:-
 - ensuring that the company keeps accounting records which comply with section 221; and
 - preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Approved by the Board of Directors on 31-8-99 1999 and signed on its behalf by:

 Director

The notes on pages 5 to 8 form part of these financial statements.

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 28 November 1998

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

The financial statements contain information about Lochtower Limited as an individual company and do not contain consolidated information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of fixed assets over the expected useful lives as follows:

Implements and machinery	- 15% reducing balance
Tractors	- 20% reducing balance
Motor vehicles	- 20% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolescent, slow moving and defective stocks.

Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items, and for timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expenses in a different accounting period from that in which they are recognised in the financial statements. The tax effect of other timing differences as reduced by the tax benefit of any accumulated losses is treated as a deferred tax liability.

Government grants

Grants received, or receivable, from the Department of Agriculture and Fisheries on qualifying expenditure are applied in reduction of the cost of acquisition of the fixed assets to which the grants relate. As a result, grants are effectively credited to revenue over the expected useful lives of the related assets.

2. Operating loss

	1998	1997
	£	£
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	24,014	-
Directors' emoluments (including pension contributions) for management services	19,022	-
	=====	=====

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 28 November 1998

3. Tax on profit on ordinary activities

There was no tax charge for the period.

4. Tangible fixed assets	Land and Buildings £	Implements and Machinery £	Tractors and Vehicles £	Total £
Cost				
At 28 November 1997	-	-	-	-
Additions	231,790	38,950	125,039	395,779
Disposals	-	(7,635)	(4,438)	(12,073)
	-----	-----	-----	-----
At 28 November 1998	231,790	31,315	120,601	383,706
	-----	-----	-----	-----
Depreciation				
At 28 November 1997	-	-	-	-
Charge for the year	-	3,914	20,100	24,014
On disposals	-	-	-	-
	-----	-----	-----	-----
At 28 November 1998	-	3,914	20,100	24,014
	-----	-----	-----	-----
Net book value				
At 28 November 1998	231,790	27,401	100,501	359,692
	=====	=====	=====	=====
At 28 November 1997	-	-	-	-
	=====	=====	=====	=====

There are no motor vehicles, tractors or plant and equipment which are leased.

5. Investments	Group Undertakings £	Other £	Total £
Cost			
At 28 November 1997	432,116	-	432,116
Additions	-	48,226	48,226
	-----	-----	-----
At 28 November 1998	432,116	48,226	480,342
	=====	=====	=====

Investment in group undertakings represents 432,116 ordinary shares of £1 each in Lochtower Farming Company Limited. This represents 100% of the share capital. Lochtower Farming Company Limited is a company registered in Scotland. Lochtower Farming Company Limited has aggregate capital and reserves of £406,342 at 28 November 1998 and a loss for the year to 28 November 1998 of £26,776.

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 28 November 1998

6. Stocks	1998	1997
	£	£
The amounts attributable to the different categories are:		
Cattle	130,125	-
Sheep	27,135	-
Growing crops	5,738	-
Harvested crops	31,304	-
Commodity stocks	2,755	-
	=====	=====
	197,057	-
	=====	=====

7. Debtors		
Sundry debtors	90,068	-
	=====	=====

8. Creditors: amounts falling due within one year

Bank overdraft	14,926	-
Trade creditors	3,343	-
Taxation and social security	1,215	-
Accruals and deferred income	7,526	800
Loan from Lochtower Farming Company Limited	406,342	-
Director's loan	4,548	-
	=====	=====
	437,900	800
	=====	=====

The loan from Lochtower Farming Company Limited is interest free and repayable on demand.

There is a bond and floating charge in place over the whole of the assets of the company.

9. Share capital		1998		1997
	£	No.	£	No.
Authorised				
Ordinary shares of £1 each	1,000,000	1,000,000	500,000	500,000
	=====	=====	=====	=====
Allotted, called up and fully paid				
Ordinary shares of £1 each	763,000	763,000	433,000	433,000
	=====	=====	=====	=====

10. Profit and loss account	1998	1997
	£	£
At 28 November 1997	(1,094)	-
Retained loss for the year	(41,420)	(1,094)
	=====	=====
At 28 November 1998	(42,514)	(1,094)
	=====	=====

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 28 November 1998

11. Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Opening shareholders' funds	431,906	433,000
Loss for the year	(41,420)	(1,094)
Net proceeds on issue of shares	330,000	-
	-----	-----
Closing shareholders' funds	<u>720,486</u>	<u>431,906</u>