

McIntosh 88 Limited

Directors' Report and Financial Statements

Registered Number 2172877

31 December 2006



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of McIntosh 88 Limited	3
Income Statement	4
Balance sheet	5
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is that of a group holding company

Business review

No trading activity was conducted during the year

Dividends

The directors declared and approved final dividends of £nil (2005 £3,900,000)

Directors

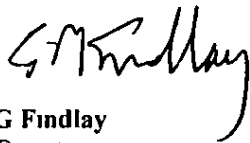
The directors who held office during the year were as follows

H Balfour
G Findlay (appointed 1 1 06)
A Dougherty
K Munro

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



G Findlay
Director

3 Swanwick Court
Alfreton
Derbyshire
5 October 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of McIntosh 88 Limited

We have audited the financial statements of McIntosh 88 Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. 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 auditor's 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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

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 whether the financial statements have been 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

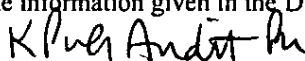
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 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.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
191 West George Street
Glasgow G2 2LJ

5 October 2007

Income statement

For the year ended 31 December 2006

	2006 £000	2005 £000
Dividend income	-	3,900
Profit for the year attributable to equity holders of the parent	-	3,900

Statement of recognised income and expense

For the year ended 31 December 2006

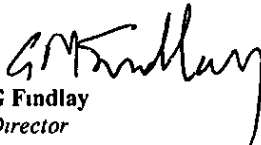
The Company has no recognised income or expense other than the profits for the current and previous years

Balance sheet

As at 31 December 2006

	Note	2006 £000	2005 £000
Assets			
Non-current assets			
Investments in subsidiaries	2	-	-
Total non-current assets		-	-
Current assets			
Amounts owed by subsidiaries		287	11,187
Total current assets		287	11,187
Total assets		287	11,187
Liabilities			
Current liabilities			
Amounts owed to parent company		-	(10,900)
Total current liabilities		-	(10,900)
Total liabilities		-	(10,900)
Net assets		287	287
Equity			
Issued share capital	3	-	-
Capital redemption reserve	3	220	220
Revenue reserves	3	67	67
Total equity attributable to equity holders of the parent		287	287

These financial statements were approved by the board of directors on 5 October 2007 and were signed on its behalf by


G Findlay
Director

Statement of cash flows
For the year ended 31 December 2006

	2006 £000	2005 £000
Cash flows from operating activities		
Profit before tax	-	3,900
Adjustments for		
Dividend income	-	(3,900)
Operating profit before changes in working capital and provisions		
Increase in amounts owed by subsidiaries	-	(3,900)
Increase in amounts owed to parent company	-	3,900
Cash generated from operations	-	-
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

Notes to the financial statements

1. Accounting policies

McIntosh 88 Limited (the "Company") is a company incorporated and domiciled in the United Kingdom

Statement of compliance

In accordance with European law the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

Basis of preparation

The financial statements are prepared on the historical cost basis and presented in pounds sterling

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Dividends

Dividends receivable

Dividend income is recognised when the Company's right to receive payment is established.

Dividends payable

Final equity dividends to the shareholders of McIntosh 88 Limited are recognised as a liability in the period that they are declared. Interim equity dividends are recognised as a liability in the period that they are paid.

Financial instruments

Investments in subsidiaries

Investments in subsidiaries are carried at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, which is available for immediate withdrawal or on short-term deposit, and cash in hand. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Intra-group guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Adopted IFRS not yet applied

The following IFRS, which have been issued by the IASB and are available for early application, have not been applied by the Company in these financial statements:

- IFRS 7 *Financial Instruments: Disclosure* applicable for years commencing on or after 1 January 2007
- Amendment to IAS 1 *Capital Disclosures* applicable for years commencing on or after 1 January 2007
- IFRS 8 *Operating segments* not expected to be applicable until 2009
- IFRIC 7 *Applying the Restatement Approach under IAS 29*
- IFRIC 8 *Scope of IFRS 2*
- IFRIC 9 *Assessment of Embedded Derivatives*

The application of IFRS 7 and the amendment to IAS 1 in 2005 would not have affected the income statement or balance sheet as the Standards are concerned with disclosure. The Company plans to apply these Standards from 1 January 2007. IFRIC 7, IFRIC 8 and IFRIC 9 will be applied from the same date but would be expected to have little or no impact on the results for 2007.

2. Investments in subsidiary undertakings

The Company has the following investment in a subsidiary

Company	Principal activity	Country of incorporation	Class of shares held	Ownership interest	
				2006	2005
ESA McIntosh Limited	Design, manufacture and installation of education furniture	Scotland	Ordinary shares of £1 each	100%	100%

3 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £000	Capital redemption reserve £000	Revenue reserve £000	Total £000
Balance at 1 January 2005	-	220	67	287
Total recognised income and expense	-	-	3,900	3,900
Dividends to shareholders	-	-	(3,900)	(3,900)
Balance at 31 December 2005	-	220	67	287
Balance at 1 January 2006	-	220	67	287
Total recognised income and expense	-	-	-	-
Dividends to shareholders	-	-	-	-
Balance at 31 December 2006	-	220	67	287

Share capital

	2006	2005
Authorised:	£	£
1,000 (2005: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid		
111 (2005: 111) ordinary share of £1 each	111	111

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Capital redemption reserve

The capital redemption reserve comprises the amount by which the Company's issued share capital has been diminished on cancellation of shares purchased out of Company profits or redeemed out of Company profits or redeemed by fresh issue.

Dividends

Amounts recognised as distributions to equity holders in the period

	2006 £000	2005 £000
Dividend for the year ended 31 December 2004 of £18,018.00 per share	-	2,000
Dividend for the year ended 31 December 2005 of £17,117.00 per share	-	1,900
	-	3,900

4 Related parties

Identify of related parties

The Company has a related party relationship with the following companies within the Havelock Europa PLC group

Company	Relationship
Havelock Europa PLC	Ultimate parent company
ESA McIntosh Limited	Subsidiary company
Clean Air Limited	Fellow subsidiary company
TeacherBoards (1985) Limited	Fellow subsidiary company

The Company has a related party relationship with its directors

Transactions with Group companies

	2006 £000	2005 £000
Dividends to Havelock Europa PLC	-	3,900
Dividends from ESA McIntosh Limited	-	3,900
Amounts owed by group companies as at 31 December ESA McIntosh Limited	287	11,187
Amounts owed to group companies as at 31 December Havelock Europa PLC	-	10,900

Settlement of amounts owing and owed is through the inter-company accounts

5 Ultimate parent company and parent company of larger group

The company is a subsidiary of Havelock Europa PLC, incorporated in England. The largest group in which the results of the Company are consolidated is that headed by Havelock Europa PLC. The consolidated financial statements of this Group are available to the public and may be obtained from Havelock Europa PLC, Group Head Office, Mossway, Hillend Industrial Park, Dalgety Bay, Fife KY11 9JS. No other group financial statements include the results of the Company.