

McIntosh 88 Limited

Directors' report and financial statements

Registered number 2172877

31 December 2004



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Company information

Directors	W McColl H Balfour G McSporran
Company secretary	AI Paterson
Registered office	30 Queen Charlotte Street Bristol
Bankers	Bank of Scotland Carberry Road Kirkcaldy
Solicitors	Pagan Business Law 8 Manor Place Edinburgh
Auditors	KPMG Audit Plc 191 West George Street Glasgow G2 2LJ

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The profit and loss account for the year is set out on page 6.

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

Review of business and future developments

No trading activity was conducted during the year.

Dividends and transfer to reserves

A final dividend payment of £2,000,000 was proposed (2003: £3,000,000).

Directors and directors' interests

The directors of the company during the year were:

W McColl
H Balfour
G McSporran

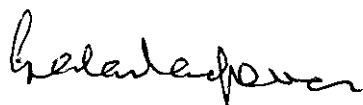
The directors, according to the register to be kept under Section 325 of the Companies Act 1985, did not have, at the beginning or end of the year, any interest in the shares of the company. H Balfour and G McSporran are also directors of Havelock Europa PLC and their interests in the shares of that company are disclosed in the annual report of that company. At 31 December 2004 W McColl, family and related trusts held 277,477 (2003:277,477) shares in Havelock Europa PLC.

Directors' report *(continued)*

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 MacSporran
Director

30 Queen Charlotte Street
Bristol

5 April 2005

Statement of 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 and of the profit or loss 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 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 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.



KPMG Audit Plc

191 West George Street
Glasgow
G2 2LJ
United Kingdom

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

We have audited the financial statements on pages 6 to 9.

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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

10 October 2005

Profit and loss account

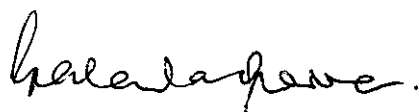
for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Investment income	2	2,000,000	3,000,000
Profit on ordinary activities before taxation		2,000,000	3,000,000
Taxation on profit on ordinary activities		-	-
Profit for the financial year		2,000,000	3,000,000
Dividend paid		(2,000,000)	(3,000,000)
Balance for the financial year	8	-	-

Balance sheet
at 31 December 2004

	<i>Note</i>	2004		2003	
		£	£	£	£
Fixed assets					
Investments	3		1		1
Current assets					
Debtors	4	9,286,887		7,286,887	
Cash at bank and in hand		111		111	
		<u>9,286,998</u>		<u>7,286,998</u>	
Creditors: amounts falling due within one year	5	<u>(9,000,000)</u>		<u>(7,000,000)</u>	
Net current assets			<u>286,998</u>		<u>286,998</u>
Net assets			<u>286,999</u>		<u>286,999</u>
Capital and reserves					
Called up share capital			111		111
Capital reserves			220,000		220,000
Profit and loss account	7		66,888		66,888
Equity shareholders' funds	7		<u>286,999</u>		<u>286,999</u>

These financial statements were approved by the board of directors on 5 April 2005 and were signed on its behalf by:



G MacSporran
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt under s228 of the Companies Act 1985 from the requirement to publish group accounts.

As a wholly owned subsidiary of Havelock Europa PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

2 Investment income

	2004 £	2003 £
Dividends received	2,000,000	3,000,000

3 Investments

	2004 £	2003 £
Shares at cost	1	1

Represented by:

<i>Subsidiary undertaking</i>	<i>Nature of business</i>	<i>Description of shares held</i>	<i>Proportion of nominal value held</i>
ESA McIntosh Limited (Scotland)	Manufacture and supply of educational and domestic furniture	Ordinary shares of £1 each	100%

Notes *(continued)*

4 Debtors

	2004 £	2003 £
Amounts owed by subsidiary undertakings	9,286,887	7,286,887

5 Creditors

	2004 £	2003 £
Amounts owed to parent undertaking	9,000,000	7,000,000

6 Called up share capital

	2004 £	2003 £
<i>Authorised</i> 1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i> 111 ordinary shares of £1 each	111	111

7 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	2,000,000	3,000,000
Dividend paid	(2,000,000)	(3,000,000)
Net addition to shareholders' funds	-	-
Opening shareholders' funds	286,999	286,999
Closing shareholders' funds	286,999	286,999

8 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by Havelock Europa PLC, incorporated in England. The consolidated accounts of this group is available to the public and may be obtained from Mossway, Hillend Industrial Park, Dalgety Bay, Fife, KY11 9JS.