JPSE Limited

Report and Financial statements

31 December 2005
Registered No: SC13150

Contents

Directors' report

The directors present their report and the audited financial statements for the period 7 April 2005 to 31 December 2005.

Results and dividends

The profit on ordinary activities after tax amounted to £ 1,125,000 (prior period: £26,462,000). After taking account of dividends, the figure of £52,211,000 (prior period: £25,774,000) is transferred to reserves.

Principal activities

The Company's principal activity during the period was property investment.

Review of the business

Following an offer received on 8 June 2005 and completed on 26 August 2005, the entire share capital of the Company was acquired by Moorfoot Capital Management Limited, a company whose sole shareholder is R P Douglas Miller.

Future developments

Going forward the principal activity of the company will be that of property investment.

Change of name

On 2 June 2005, the Company changed its name to JPSE Limited.

Post balance sheet events

See note 17 to the accounts.

Fixed assets

The movements in tangible fixed assets during the period are set out in note 8 to the financial statements.

Market value of land and buildings

Freehold properties were revalued at their open market value on 6 April 2005 and these values were reviewed at 31 December 2005 resulting in an increase in value for one property. Details are shown in note 8 to the accounts.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Charitable and political contributions

During the period the Company made the following contributions –

Atlantic Salmon Trust	£ 1,000
British Field Sports	£ 20

Directors' report

Directors and their interests

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

Robert A.G. Douglas Miller	Chairman (resigned 29th June 2005)
Robert P. Douglas Miller	Managing Director
Andrew G. Douglas Miller	Deputy Chairman and Development Director (resigned 29th June 2005)
Tony A. Salem	Non-Executive Director (resigned 29th June 2005)
JPSE (Director) Limited	(appointed 29th June 2005)

According to the Register kept for this purpose, the interests of the Directors in the capital of the Company as at 31 December 2005 were as follows: -

	31 December 2005		**6 April 2005**	
	Ordinary Shares	**10% Cum Pref Shares**	**Ordinary Shares**	**10% Cum Pref Shares**
Beneficial:				
R.A.G Douglas Miller	-	-	99,499	149,518
A.G. Douglas Miller	-	-	53,840	16,322
R.P. Douglas Miller	-	-	52,050	1,700
A.A. Salem	-	-	-	-
Non-Beneficial:				
R.A.G Douglas Miller	-	-	133,609	133,203
A.G. Douglas Miller	-	-	54,063	-
R.P. Douglas Miller	-	-	12,911	-

After 6 April 2005 Moorfoot Capital Management Limited acquired the entire issued share capital of the Company. R.P. Douglas Miller is the sole shareholder and sole director of Moorfoot Capital Management Limited and accordingly following the completion of the statutory "squeeze out" procedure under s. 429 Companies Act 1985 (as amended) on 26 August 2005, R.P. Douglas Miller was interested in the entire issued share capital of the Company, having previously become interested in the entire issued ordinary share capital of the Company and 1,404,000 10% cumulative preference shares in the capital of the Company on 12 July 2005.

Auditors

Saffery Champness were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Directors' report

Statement of directors' responsibilities in respect of the financial statements

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 Group and of the profit or loss of the Group 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; 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. 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

R P Douglas Miller
Director

27 July 2006

Independent auditors' report

to the members of JPSE Limited

We have audited the financial statements of JPSE Limited on pages 8 to 21 for the period ended 31 December 2005. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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. We also 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 with the company is not disclosed.

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 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.

Independent auditors' report

to the members of JPSE Limited

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 31 December 2005 and of its profit for the period then ended; and 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.

Saffery Champness

Saffery Champness

Chartered Accountants

Registered Auditor

Inverness

~~31 July 2006~~
8 August 2006

Profit and loss account

For the period ended 31 December 2005

	Notes	*9 months to 31 December 2005 £000*	*14 months to 6 April 2005 £000*
Turnover – continuing operations	2	-	304
– discontinued operations		-	44,921
		-	45,225
Cost of sales – continuing operations		-	231
– discontinued operations		-	26,570
		-	26,801
Gross profit – continuing operations		-	73
– discontinued operations		-	18,351
		-	18,424
Selling and administrative expenses – continuing operations		256	1,076
– discontinued operations		-	15,204
		256	16,280
Net rental income continuing operations		957	1,218
– discontinued operations		-	10
		957	1,228
Operating profit – continuing operations	3	701	215
– discontinued operations		-	3,157
		701	3,372
Profit on disposal of discontinued operations	4	-	26,122
Interest receivable		861	569
Interest payable	5	-	18
Profit on ordinary activities before taxation	2	1,562	30,045
Tax on profit on ordinary activities	6	437	3,583
		1,125	26,462
Dividends including non-equity	7	53,336	688
(Loss)/Profit transferred to reserves	13	(52,211)	25,774

Statement of total recognised gains and loses

For the period ended 31 December 2005

	9 months to 31 December 2005 £000	*14 months to 6 April 2005 £000*
Profit for the financial period	1,125	26,462
Unrealised surplus on revaluation of properties	3,601	16,554
Total recognised gains and losses relating to the period	4,726	43,016

Balance sheet

At 31 December 2005

	Notes	*31 December 2005 £000*	*6 April 2005 £000*
Fixed assets			
Tangible assets	8	16,444	21,180
Investments	9	7	7
		16,451	21,187
Current assets			
Stock		-	184
Debtors	10	5,234	3,924
Cash at bank and in hand		132	59,604
		5,366	63,712
Creditors: amounts falling due within one year	11	890	13,059
Net current assets		4,476	50,653
Provisions for Liabilities and Charges : Deferred taxation	12	6	48
Net assets		20,921	71,792
Capital and reserves			
Called up share capital	13	2,262	2,262
Capital redemption reserve	14	22	22
Revaluation reserve	14	14,293	16,554
Revenue reserves	14	4,344	52,954
Total shareholders' funds	14	20,921	71,792
Shareholders' funds			
Equity		19,499	70,370
Non-equity		1,422	1,422
		20,921	71,792

The notes on pages 8 to 21 form part of these financial statements.

The financial statements were approved by the board on 27th July 2006.

R P Douglas Miller

Director

Statement of cashflows

For the period ended 31 December 2005

	Notes	9 months ended 31 December 2005 £000	14 months ended 6 April 2005 £000
Net cash (outflow)/inflow from operating activities	16	(13,369)	3,800
Returns on investments and servicing of finance			
Interest received		860	613
Interest paid		-	(18)
Preference dividend paid		(71)	(142)
		789	453
Taxation			
UK corporation taxation paid		(479)	(1,213)
Capital expenditure			
Payments to acquire tangible fixed assets		(79)	(565)
Receipts from sales of tangible fixed assets		6,842	13
		6,763	(552)
Acquisitions and disposals			
Disposal of retail business	4	-	47,310
		-	47,310
Equity dividends paid		(53,265)	(1,218)
Management of liquid resources	16	-	6,000
(Decrease)/increase in cash	16	(59,561)	54,580

Notes to the accounts

at 31 December 2005

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention as amended to include the revaluation of investment properties.

The accounts are prepared in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked, see 'investment properties' below.

The company changed its year end to 31 December and as such, the accounts reflect the results for the 9 month period from 7 April 2005 to 31 December 2005.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of retail stocks is actual cost or is computed by reducing the selling price of stocks by the average departmental gross profit margins. Net realisable value is the expected sale proceeds in the ordinary course of business.

Investment properties

Following the sale of the retail business on 5 April 2005, the remaining properties were reclassified as investment properties. Investment properties have been accounted for in accordance with SSAP 19 as follows:

i) investment properties were revalued to open market value. The surplus on revaluation was transferred to revaluation reserve.

ii) no depreciation has been charged from the date on which the properties were revalued.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the director believes that the policy of not providing depreciation going forward is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Depreciation

Depreciation is provided on fixed assets, other than freehold land and investment property, on a straight-line basis at the following rates, based on their estimated useful lives:

Fittings, furnishings and plant	5% to 33 1/3%
Computers	20% to 33 1/3%
Vehicles	25%
Freehold buildings	2%
Leasehold assets	Over the period of the lease

Where assets reside in leased premises, the assets are depreciated over the remaining lease period.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years.

Notes to the accounts
at 31 December 2005

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2. Turnover and profit before taxation

Turnover excluding VAT and concession shop sales, and profit on ordinary activities before taxation were contributed as follows: -

		9 months to 31 December 2005		*14 months to 6 April 2005*
	Turnover £000	*Profit £000*	*Turnover £000*	*Profit £000*
Discontinued Operations:				
Retailing	-	-	44,926	3,149
Continuing operations:				
Estate and property	-	701	304	223
	-	701	45,230	3,372
Profit on disposal of discontinued operations	-	-	-	26,122
Net interest receivable	-	861	-	551
	-	1,562	45,230	30,045

3. Operating profit

a) This is stated after charging:

	9 months to 31 December 2005 £000	*14 months to 6 April 2005 £000*
Depreciation of tangible fixed assets	15	1,579
Local rates	1	735
Operating lease rentals – land and buildings	-	125
b) Auditors' remuneration:		
- audit services	6	40
- non-audit-services	9	62

Notes to the accounts

at 31 December 2005

4. Exceptional item

As set out in the directors' report, on 5 April 2005 the company disposed of the retail business and related net assets. The key elements which made up the profit on disposal were as follows:

	9 months ended 31 December 2005	*14 months ended 6 April 2005*
	£000	*£000*
Profit on sale of retail business:		
Consideration	-	46,100
Book value of net assets disposed	-	(15,847)
Costs of disposal	-	(3,254)
Related write-down of pension pre-payment	-	(877)
Net profit on sale	-	26,122
Reconciliation to net cash inflow from sale of retail business:		
Net profit on sale	-	26,122
Movements in net assets	-	15,847
VAT recovery on sale of building	-	5,600
Deferred consideration (Note 10)	-	(3,500)
Disposal costs accrued	-	3,254
Cash disposed of with the retail business	-	(13)
Net cash inflow	-	47,310

5. Interest payable

	9 months ended 31 December 2005	*14 months ended 6 April 2005*
	£000	*£000*
Bank interest	-	1
Other interest	-	17
	-	18

Notes to the accounts

at 31 December 2005

6. Taxation

Tax on profit on ordinary activities

	9 months ended 31 December 2005 £000	*14 months ended 6 April 2005 £000*
UK corporation tax		
UK corporation tax on profits of the period	410	3,593
Adjustments in respect of previous periods	69	(174)
Total current tax	479	3,419
Deferred tax		
Originating and reversal of timing differences	(42)	164
	437	3,583

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is different to the standard rate of corporation the in the UK. The differences are explained below:

	9 months ended 31 December 2005 £000	*14 months ended 6 April 2005 £000*
Profit on ordinary activities before tax	1,562	30,057
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.00% (2005 - 30.00%)	469	9,017
Effect of:		
Book gain in excess of capital gain	(11)	(5,859)
Disallowed expenses and non-qualifying depreciation	6	521
Capital allowances in excess of depreciation	(7)	(68)
Tax losses utilised	(21)	-
Short term timing differences		(43)
Adjustments in respect of previous periods	69	(174)
Other	(26)	25
Current tax charge for the period	479	3,419

Included in the prior period tax charge is £2,250,000 relating to the profit on disposal of the retail business – see note 4.

Notes to the accounts

at 31 December 2005

7. Dividends

	9 months ended 31 December 2005 £000	*14 months ended 6 April 2005 £000*
Non-equity		
10% Cumulative preference shares	71	142
Equity		
Ordinary shares	53,265	546
	53,336	688

8. Tangible fixed assets

	Investment Properties £000	*Freehold land and buildings £000*	*Long leasehold land £000*	*Fittings furnishings -plant, computers and vehicles £000*	*Total £000*
Cost or valuation:					
At 7 April 2005	21,011	-	-	864	21,875
Additions	-	-	-	79	79
Disposals	(5,971)	-	-	(836)	(6,807)
Revaluation	1,340	-	-	-	1,340
At 31 December 2005	16,380	-	-	107	16,487
Depreciation:					
At 7 April 2005	-		-	695	695
Charge for the period	-	-	-	15	15
Disposals	-	-	-	(667)	(667)
At 31 December 2005	-	-	-	43	43
Net book value:					
At 31 December 2005	16,380	-	-	64	16,444
At 6 April 2005	21,011	-	-	169	21,180

Freehold land and buildings were reclassified as investment properties following the sale of the retail business. They were revalued at 6 April 2005 to open market value based on valuations prepared by Montagu Evans and Savills who acted as independent valuers. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. These values were reviewed at 31 December 2005 by the directors, resulting in an increase in the value for one property.

The historical cost of investment properties included at valuation at 31 December 2005 was £2,554,000.

Notes to the accounts

at 31 December 2005

9. Investments

Cost and net book value	*Subsidiary undertakings £000*	*Total £000*
At 7 April 2005 & 31 December 2005	7	7

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Company	*Country of Registration or incorporation*	*Shares held Class*	*%*
Kennington Leasing Ltd	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial period were as follows:

	Capital and reserves 31 December 2005 £000	*Profit for the period 31 December 2005 £000*
Kennington Leasing Ltd	246	1

10. Debtors

	31 December 2005 £000	*6 April 2005 £000*
Amounts falling due within one year:		
Trade debtors	10	2
Other debtors	3,628	3,611
Prepayments and accrued income	46	311
Due from parent company	1,550	-
	5,234	3,924

Included within Other Debtors is £3,500,000 plus interest relating to deferred consideration on the sale of the retail business. This amount is receivable within one year subject to any warranty claims made by the purchaser.

Notes to the accounts

at 31 December 2005

11. Creditors: amounts falling due within one year

	31 December 2005 £000	*6 April 2005 £000*
Bank loans and overdrafts	89	-
Trade creditors	3	-
Amounts owed to subsidiary undertakings	269	273
Current corporation tax	150	2,773
Other taxation and social security	29	5,896
Accruals	228	3,278
Other creditors	122	839
	890	13,059

There is a floating charge by JPSE Ltd in favour of the Royal Bank of Scotland plc of the whole property and undertaking. In respect of the Mount Royal Hotel, there is a fixed security by JPSE Ltd in favour of the Royal Bank of Scotland plc. Additionally, there is a rental assignation in favour of the Royal Bank of Scotland relating to the Mount Royal Hotel. An intercompany funding agreement is in place with Moorfoot Capital Management Ltd, the parent company.

12. Deferred taxation

The movement in deferred tax in the current period is as follows:-

	31 December 2005 £000	*6 April 2005 £000*
At beginning of period	48	(132)
Provided during the period	(42)	113
Adjustment in respect of prior periods	-	67
At end of period	6	48
Accelerated capital allowances	6	117
Other timing differences	-	(69)
Total deferred tax asset	6	48

13. Called up share capital

	31 December 2005		*6 April 2005*	
	Authorised £	*Allotted, called up and fully paid £*	*Authorised £*	*Allotted, called up and fully paid £*
10% Cumulative Preference £1 shares	1,422,400	1,422,400	1,422,400	1,422,400
Ordinary £1 shares	840,000	840,000	840,000	840,000
Unclassified £1 shares	323,422	-	323,422	-
	2,585,822	2,262,400	2,585,822	2,262,400

Notes to the accounts

at 31 December 2005

The 10% Cumulative Preference £1 shares carry a dividend of 10% per annum payable on 1 February and 1 August. The dividend rights are cumulative.

On a winding-up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

The preference shareholders have a right to vote in circumstances where their rights may be varied or where the structure of the Company may be amended in such a way as may indirectly affect their rights.

14. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £000	*Capital redemption reserve £000*	*Revaluation reserve £000*	*Revenue reserves £000*	*Total Shareholder funds £000*
At 6 April 2005	2,262	22	16,554	52,954	71,792
Profit for the period	-	-	-	1,125	1,125
Dividends	-	-	-	(53,336)	(53,336)
Revaluation	-	-	(2,261)	3,601	1,340
At 31 December 2005	2,262	22	14,293	4,344	20,921

15. Directors' emoluments and staff costs

a) Directors' emoluments

	9 months ended 31 December 2005 £000	*14 months ended 6 April 2005 £000*
Total emoluments	160	2,063
Compensation for loss of office	-	287
	160	2,345

Notes to the accounts

at 31 December 2005

15. Directors' emoluments and staff costs

(continued)

b) Staff costs

	9 months ended 31 December 2005 £000	14 months ended 6 April 2005 £000
Wages and salaries	194	11,846
Social security costs	-	768
Other pension costs	-	1,325
	194	13,939

The average number of employees (including part-time and seasonal employees) employed in the company during the period was 3 (14 months ended 6 April 2005 – 733).

16. Notes to the statement of cash flows

a) Reconciliation of operating profit to net cash inflow from operations

	31 December 2005 £000	6 April 2005 £000
Operating profit	701	3,364
Depreciation	(651)	1,579
Gain on disposal of tangible fixed assets	(36)	(22)
Decrease in stocks	184	(749)
Increase in debtors	(1,309)	769
Decrease in creditors	(12,258)	(1,141)
Net cash inflow from operating activities	(13,369)	3,800

b) Analysis of changes in net funds

	At 6 April 2005 £000	Cash flow £000	At 31 December 2005 £000
Cash at bank and in hand	59,604	(59,472)	132
Bank overdraft	-	(89)	(89)
Net funds	59,604	(59,561)	43

17. Post balance sheet events

In the period after 31 December 2005 the company sold certain interests in land and buildings at an amount which was equal to their book value at 31 December 2005.

Notes to the accounts

at 31 December 2005

18. Related Party Transactions

At 31 December 2005, the net balance owed to the company by Moorfoot Capital Management Ltd, its parent company, in respect of the intercompany loan was £1,550,000 (2004 - £ Nil) which is included within debtors.

19. Controlling party

The company is a subsidiary of Moorfoot Capital Management Ltd, incorporated in Scotland. The directors consider R P Douglas Millar to be the ultimate controlling party as the sole owner of Moorfoot Capital Management Ltd.