

VICO MANAGEMENT SERVICES LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

101575

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VICO MANAGEMENT SERVICES LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Charles J Carvill
Thomas Carvill
Colin Taylor
Michael Carvill

SECRETARY

Thomas Carvill

AUDITORS

Deloitte & Touche,
Chartered Accountants,
Deloitte & Touche House,
Earlsfort Terrace,
Dublin 2

SOLICITORS

Miller Samuel & Co ,
Solicitors,
RWF House,
5 Renfield Street,
Glasgow,
G2 5EZ.

Dundas Wilson,
Solicitors,
191 West George Street,
Glasgow.

REGISTERED OFFICE

80 St Vincent Street,
Glasgow,
G2 5UB

VICO MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

The directors submit their annual report, together with the audited financial statements, for the year ended 30 June 2006

ACTIVITIES

The principal activity of the company in the year under review was property development

BUSINESS REVIEW

The loss after taxation for the year amounted to £1,640,558 compared to a loss of £140,057 in the prior year

The directors do not recommend a payment of a dividend (2005 £Nil)

RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the property industry include a downturn in the property market, increase in interest rates, a shortage of available development land and delays in securing planning permissions. These risks are monitored by the directors on an ongoing basis.

DIRECTORS

The present membership of the board is set out on page 2

DIRECTORS' AND SECRETARY'S INTERESTS

None of the directors or secretary who held office at 30 June 2006 had an interest in the share capital of the company at 30 June 2006 or 1 July 2005

The following shares were held by the directors who held office at 30 June 2006 in the ultimate parent undertaking, Vico Properties plc, at 30 June 2006 and 1 July 2005.

	Number of Ordinary Shares of 10p each	
	2006	2005
Charles J Carvill	336,420	336,420
Thomas Carvill	328,410	328,410
Colin Taylor	237,242	237,242
Michael Carvill	732,915	732,915
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VICO MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The company, pursuant to Article 386 of the Companies Act 1985, elected to dispense with the obligation to appoint auditors annually. The company also resolved that while this election is in force, the remuneration of the auditors will be fixed by the directors. The auditors, Deloitte & Touche, have expressed their willingness to continue in office.

By Order of the Board


Secretary

Date: 25.04.2007

VICO MANAGEMENT SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

United Kingdom 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 of the company for that period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with United Kingdom statute comprising 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICO MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Vico Management Services Limited for the year ended 30 June 2006 which comprise the Profit and Loss account, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the 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 United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

Continued on next page/

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICO MANAGEMENT SERVICES LIMITED

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 June 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the Directors Report is consistent with the financial statements

Deloitte + Touche

Chartered Accountants and Registered Auditors
Dublin

25 APRIL 2007

VICO MANAGEMENT SERVICES LIMITED
STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in the United Kingdom and United Kingdom statute comprising the Companies Act 1985. Accounting standards generally accepted in the United Kingdom in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Scotland and issued by the Accounting Standards Board.

The company's liabilities have been guaranteed by its ultimate parent undertaking, Vico Properties plc, which has also agreed to provide continued financial support. The financial statements have therefore been prepared on the going concern basis.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

TURNOVER

Turnover comprises amounts received and receivable from property sales and rental income, net of value added tax.

STOCKS

Sites held for development or sites for which no contract of sale exists are stated at the lower of cost and net realisable value.

Cost represents the expenditure incurred on site, materials, direct labour and overheads in bringing the work in progress to its present condition.

FINANCE COSTS

For properties in the course of development, cost includes finance costs from the commencement of the development. These costs are normally calculated with reference to the actual interest rate applicable to the borrowing specific to the development.

The period of development for the purpose of capitalising finance costs is deemed to be completed as follows:

- (i) When property is substantially let. Substantially let is defined as the date when 80% of the gross rental income becomes receivable.
- (ii) When the building is occupied in the case of pre-let properties.
- (iii) When income exceeds outgoings.

Finance costs are reduced by rental income received during the period of development.

VICO MANAGEMENT SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 £	2005 £
TURNOVER	1	2,294,767	3,681,401
Cost of sales		(3,585,010)	(3,182,967)
GROSS (LOSS)/ PROFIT		<u>(1,290,243)</u>	<u>498,434</u>
Administrative expenses		(263,212)	(326,096)
OPERATING (LOSS)/ PROFIT		<u>(1,553,455)</u>	<u>172,338</u>
Interest payable		(87,122)	(315,185)
Interest received			1,528
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(1,640,577)</u>	<u>(141,319)</u>
Taxation	4	19	1,262
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	<u><u>(1,640,558)</u></u>	<u><u>(140,057)</u></u>

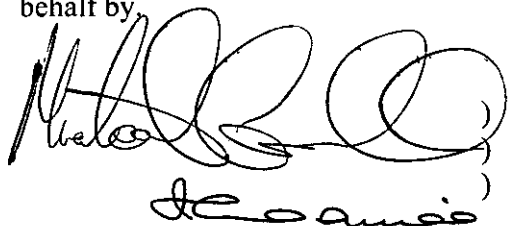
All recognised gains and losses have been reflected in this profit and loss account. All profits and losses arose from continuing activities in the current and prior year. There were no movements in shareholders' funds other than recognised gains and losses for the current and prior year.

VICO MANAGEMENT SERVICES LIMITED

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 £	2005 £
CURRENT ASSETS			
Stocks	5		3,519,024
Debtors	6	9,974	2,129,249
Cash at bank		63,691	
		<u>73,665</u>	<u>5,648,273</u>
CREDITORS: (Amounts falling due within one year)	7	(18,860)	(2,360,410)
NET CURRENT ASSETS		<u>54,805</u>	<u>3,287,863</u>
CREDITORS: (Amounts falling due after more than one year)	8	(1,839,000)	(3,431,500)
NET LIABILITIES		<u>(1,784,195)</u>	<u>(143,637)</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account deficit	10	(1,784,197)	(143,639)
SHAREHOLDERS' FUNDS DEFICIT		<u>(1,784,195)</u>	<u>(143,637)</u>

The financial statements were approved by the Board of Directors on 25.06.2007 and signed on its behalf by



DIRECTORS

VICO MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. TURNOVER

The analysis of turnover by class of business and geographical market is as follows:

	2006 £	2005 £
(a) By class of business:		
Rental income	94,767	326,401
Property sales	2,200,00	3,355,000
	<u>2,294,767</u>	<u>3,681,401</u>
(b) By geographical market:		
United Kingdom	<u>2,294,767</u>	<u>3,681,401</u>

2. EMPLOYEES AND REMUNERATION

No staff are employed by the company. Costs incurred relate to re charges of salary costs from group companies.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2006 £	2005 £
Loss on ordinary activities before taxation is arrived at after charging:		
Directors' remuneration		
Auditors' remuneration		12,464

Note: Auditors' remuneration is borne by another group company in the current year.

4. TAXATION	2006 £	2005 £
Taxation charge	19	1,262
Factors affecting the tax charge in the year		
Loss on the ordinary activities before taxation	(1,640,577)	(141,319)
Tax at standard 30%	(492,173)	(42,396)
Group loss relief – surrendered	492,173	42,396
Overprovision in prior year	19	1,262
	<u>19</u>	<u>1,262</u>

VICO MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006**

5.	STOCKS	2006 £	2005 £
	Property		3,519,024

Included in stocks is interest capitalised net of rental income of £Nil (2005: £92,540)

6.	DEBTORS	2006 £	2005 £
	Due within one year		
	Debtors	9,974	2,109,940
	Corporation Tax		1,262
	Prepayments		18,047
		9,974	2,129,249

7.	CREDITORS: (Amounts falling due within one year)	2006 £	2005 £
	Bank loan (Note 11)		2,270,000
	Bank overdraft		16,106
	Amounts due to group companies	17	690
	Trade creditors and accruals	18,843	73,284
	VAT		330
		18,860	2,360,410

8.	CREDITORS: (Amounts falling due after more than one year)	2006 £	2005 £
	Bank loan (Note 11)		1,182,500
	Amounts due to group companies	1,839,000	2,249,000
		1,839,000	3,431,500

VICO MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006**

9. CALLED UP SHARE CAPITAL	2006	2005
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>
 10. PROFIT AND LOSS ACCOUNT	 2006	 2005
	£	£
Loss at beginning of year	143,639	3,582
Loss for the year	1,640,558	140,057
	<u> </u>	<u> </u>
Loss at end of year	1,784,197	143,639
	<u> </u>	<u> </u>

11. BANK LOANS

The bank loans are secured by the following

- A first and only standard security over the site referred to as Portland Gate, Phase 11, Kilmarnock,
- A first and only floating charge from the company, and
- A guarantee from Vico Properties plc

12. GROUP MEMBERSHIP

In the opinion of the directors, the company's ultimate parent undertaking is Vico Properties plc, a company incorporated in Northern Ireland. The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared, is Vico Properties plc.

Copies of the group financial statements of Vico Properties plc are available from:
Companies Registration Office
1st Floor
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

VICO MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2006**

13. CASH FLOW STATEMENT

In accordance with Financial Reporting Standard 1, a cash flow statement has not been prepared for the company as the cash flows of the group are disclosed in the consolidated financial statements of the ultimate parent undertaking

14. RELATED PARTY TRANSACTIONS

The company, a wholly owned subsidiary of Vico Properties plc, has availed of the exemption under Financial Reporting Standard 8 from disclosure of intra group related party transactions.