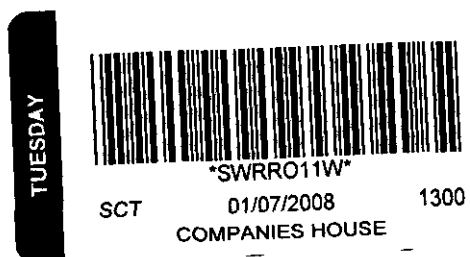


Skye Bridge Limited

Directors' Report and Financial Statements

31 December 2007

Registered Number SC120665



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Directors' Report

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2007

Principal Activity and Business Review

The company is a single purpose company which, under a concession granted by the Secretary of State for Scotland and transferred subsequently to the Scottish Ministers, operated and maintained Skye Bridge. At the request of the Scottish Ministers, the concession was terminated prematurely on 1 January 2005 and from this date the company's principal activities of toll collecting, operating and maintaining the Skye Bridge ceased.

Results and Dividends

The profit for the financial year amounted to £59,984 (2006 £1,686,453). During the year a dividend of £3,193.27 per share (2006 £10,924.37) was paid.

Directors

The directors of the company who held office during the year were

Peter M Anderson
Ian Murdoch

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the Board

Ian Murdoch

Ian Murdoch
Secretary

5 June 2008

Statement of Directors' Responsibilities

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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

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 applicable UK 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 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

Independent Auditors' Report to the Members of Skye Bridge Limited

We have audited the financial statements of Skye Bridge Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet 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 Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) 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 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. 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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 LLP
Chartered Accountants
Registered Auditor
Edinburgh

5 June 2008

Profit and Loss Account
 for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover			
Cost of sales			
Gross profit			
Administrative expenses		(33,781)	16,094
Operating (loss)/profit		(33,781)	16,094
Interest receivable and similar income	2	160,943	325,987
Interest payable and similar charges	3	(44,535)	(49,904)
Profit on ordinary activities before taxation	4	82,627	292,177
Tax on profit on ordinary activities	5	(22,643)	1,394,276
Profit for the financial year	12	59,984	1,686,453

Other than the profit for the year and the preceding financial year there are no recognised gains or losses

Balance Sheet
at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Debtors	8	39,476	1,730,751
Cash at bank		748,488	933,144
		<u>787,964</u>	<u>2,663,895</u>
Creditors' amounts falling due within one year	9	(52,539)	(88,454)
		<u>735,425</u>	<u>2,575,441</u>
Net current assets			
Creditors: amounts falling due after more than one year	10		(500,000)
		<u>735,425</u>	<u>2,075,441</u>
Net assets			
Capital and reserves			
Called up share capital	11	501,000	1,000
Profit and loss account	12	234,425	2,074,441
		<u>735,425</u>	<u>2,075,441</u>
Shareholders' funds	13	<u>735,425</u>	<u>2,075,441</u>

These financial statements were approved by the board of directors on 5 June 2008 and were signed on its behalf by



Peter M Anderson
Director

Notes

(forming part of the financial statements)

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable Accounting Standards

Under Financial Reporting standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Dividend on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Interest receivable and similar income

	2007 £	2006 £
Bank interest	65,210	325,987
On overpayment of corporation tax	95,733	
	<u>160,943</u>	<u>325,987</u>

3. Interest payable and similar charges

	2007 £	2006 £
On late payment of corporation tax		7,234
Index linked convertible loan stock	44,535	42,670
	<u>44,535</u>	<u>49,904</u>

4. Profit on ordinary activities before taxation

	2007 £	2006 £
<i>The profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration	1,000	2,200
	<u>1,000</u>	<u>2,200</u>

Notes (continued)

5 Tax on profit on ordinary activities

	2007 £	2006 £
Current year	24,788	87,653
Prior year	(2,145)	(1,394,929)
	<u>22,643</u>	<u>(1,394,276)</u>

Factors affecting the tax charge for the current year

The current tax charge for the period is equal to (2006 equal to) than the standard rate of corporation tax in the UK (30%) (2006 30%)

	2007 £	2006 £
Profit on ordinary activities before tax	82,627	292,177
Current tax at 30%	24,788	87,653
Effect of Adjustment of prior year	(2,145)	(1,481,929)
	<u>22,643</u>	<u>1,394,276</u>

6 Directors' remuneration

	2007 £	2006 £
Fees to director	6,000	6,000

The company has no employees

7 Dividends

	2007 £	2006 £
Ordinary dividend – paid to A and C ordinary shareholders	1,900,000	6,500,000

8 Debtors

	2007 £	2006 £
Corporation tax recoverable		1,380,588
Other debtors	39,476	350,163
	<u>39,476</u>	<u>1,730,751</u>

Notes (continued)

9 Creditors. Amounts falling due within one year

	2007 £	2006 £
Accruals	27,750	74,360
Other taxes and social security	-	14,094
Corporation tax	24,789	
	<u>52,539</u>	<u>88,454</u>

10. Creditors. Amounts falling due after more than one year

	2007 £	2006 £
6% index linked convertible loan stock 2022		500,000
		<u>500,000</u>

On 31 December 2007, the £500,000 convertible loan stock was converted into 500,000 non voting shares of £1 each

11. Share capital

	2007 £	2006 £
<i>Authorised</i>		
405 A ordinary shares of £1 each	405	405
405 B ordinary shares of £1 each	405	405
190 C ordinary shares of £1 each	190	190
Non voting shares of £1 each	500,000	500,000
	<u>501,000</u>	<u>501,000</u>
<i>Allotted, called up and fully paid</i>		
405 A ordinary shares of £1 each	405	405
405 B ordinary shares of £1 each	405	405
190 C ordinary shares of £1 each	190	190
Non voting shares of £1 each	500,000	
	<u>501,000</u>	<u>1,000</u>

The B ordinary shares and the non voting shares carry no rights other than an entitlement to the repayment of capital on the winding up of the company

Notes (continued)

12. Profit and loss account

	£
At 31 December 2006	2,074,441
Profit for the financial year	59,984
Dividends (note 7)	(1,900,000)
	<hr/>
At 31 December 2007	234,425
	<hr/> <hr/>

13. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	2,075,441	6,888,988
Profit for the financial year	59,984	1,686,453
Dividends (note 7)	(1,900,000)	(6,500,000)
Increase in share capital	500,000	
	<hr/>	<hr/>
Closing shareholders' funds	735,425	2,075,441
	<hr/> <hr/>	<hr/> <hr/>

14. Ultimate parent company

The company is a subsidiary undertaking of Miller Buidheann Limited and its ultimate parent company is The Miller Group Limited

The results of the company are consolidated within the financial statements of The Miller Group Limited. These financial statements are available to the public and may be obtained from The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB