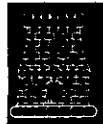
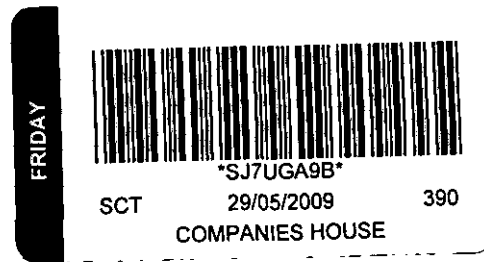


Company No. SC149650



**KILMARTIN HOLDINGS LIMITED**  
**REPORT and FINANCIAL STATEMENTS**  
**For the year ended 30 April 2008**

29 MAY 2009

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<b>Contents</b>	<b>Page</b>
Company Information	2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 7
Profit and Loss Account - Consolidated	8
Statement of Total Recognised Gains and Losses - Consolidated	9
Note of Historic Cost Profits and Losses – Consolidated	9
Balance Sheet - Consolidated	10
Balance Sheet - Company	11
Cash Flow – Consolidated	12
Notes to the Financial Statements	13 - 36

# **KILMARTIN HOLDINGS LIMITED**

## **COMPANY INFORMATION**

### **Directors**

Robert J Wotherspoon

Neil S McGuinness

Pamela S Dickson (resigned 21 October 2008)

Fraser M Sime (appointed 25 January 2008)

Gary MacDonald (appointed 21 October 2008, resigned 2 February 2009)

Alistair J N Hewitt (appointed 2 February 2009)

### **Registered Office**

7 Castle Street

Edinburgh

EH2 3AH

### **Bankers**

Bank of Scotland

The Mound

Edinburgh

EH1 1YZ

### **Auditors**

Chiene + Tait

Chartered Accountants and Registered Auditors

61 Dublin Street

Edinburgh

EH3 6NL

# **KILMARTIN HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The Directors have pleasure in presenting the report and financial statements for the year ended 30 April 2008.

The Directors' Report includes an appraisal of the business environment in which we operate and the strategy that the directors have developed to help the business to succeed. Any assessment by the directors of the future of the company, have been made in good faith based on current information but the actual outcome cannot be guaranteed as a result of the inherent risks in the business.

### **Business Review and Principal Activities**

Kilmartin Holdings Group is a UK wide property development company operating in the office, retail and industrial sectors with nearly all of our business being based in the UK. Our activities are carried out by a number of principal subsidiaries and through a number of joint venture projects we have throughout the UK and now overseas.

The trading performance of the group has been hit by the credit crunch, reducing our ability to sell our development projects. The fall in property values means that some properties cannot be sold for their holding costs. Appropriate write downs have been made to our work in progress and they have resulted in the group's loss before tax of £46.7 million.

### **Future Outlook**

Trading circumstances have continued to be difficult since the end of the financial year and we expect that to continue for all of the 2009 calendar year and possibly into 2010. The lack of liquidity in the market means project sales remain difficult to achieve. We have had success in achieving lettings of our development projects so they are in a position to be sold once the investment market returns.

### **Internal Control**

During the last three years of growth in our number of staff and the number of our office locations our system of internal control has been reviewed every six months to ensure it remains appropriate. We continue to ensure that we have effective control without it stifling the entrepreneurial spirit of the group. Any control weaknesses highlighted by our auditors are addressed as a matter of priority.

### **Principal Risks and Uncertainties**

Our monthly executive meetings and quarterly board meetings always review the principal risks affecting the business and our strategy for managing those risks. The board considers that the most significant risks affecting the business at present are:

- **Commercial Property Market** – the lack of liquidity and weakness in tenant demand have caused a significant slow down in the investment market for commercial property and values have fallen sharply over the last 12 months. Only when a degree of liquidity returns to the market and investment activity increases will there be the chance for the group to realise its assets at prices which the board consider are appropriate. Our fund management business has increased our exposure to overseas property as a way of diversifying our portfolio and provide alternative income streams away from the UK commercial sector.
- **Gearing and Interest Rates** – the group maintains a high level of debt with its principal bankers and the efficient use of that facility is key to the success of the business. Detailed cash flow projections of all of our joint ventures and our main group activities are carried out throughout the year to ensure that we are managing our cash resources as effectively as possible. The interest cost of all of our facilities is a significant cost to the business and a number of interest rate hedges have been taken out over the past two years to ensure that we cap our exposure to rising interest rates.

# **KILMARTIN HOLDINGS LIMITED**

## **DIRECTORS' REPORT (Contd.)**

### **Health and Safety**

The group is committed to health and safety for our employees, our contractors and the tenants who occupy our buildings. A full review of our internal health and safety system was carried out during the year with a number of significant improvements being made. We continually monitor our systems and controls to ensure that our management of health and safety remains appropriate and up to date.

### **Results and dividends**

The group loss for the year after taxation and minority interests was £44,206,000 (2007 – profit £7,954,000). The Board has reviewed the property portfolio of the company and group and has considered the net realisable value of each asset. Where the net realisable value of the asset is below its holding cost then appropriate writedowns have been made. The directors paid an interim dividend of £Nil per share (2007: £1,500). The directors do not recommend the payment of a final dividend (2007: Nil).

### **Donations**

During the year the group made charitable donations of £35,284 (2007: £5,450).

### **Directors**

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

Robert J Wotherspoon  
Neil S McGuinness  
Pamela S Dickson  
Alistair J H Hepburn (resigned 25 January 2008)  
Fraser M Sime (appointed 25 January 2008)

Subsequent to the year end, Pamela S Dickson resigned as Director on 21 October 2008 while Gary Macdonald was appointed as Director on 21 October 2008, and resigned on 2 February 2009. Alistair J N Hewitt was appointed as a Director on 2 February 2009.

Roderick Urquhart resigned as company secretary on 2 May 2008. The directors thank him for his effort over the last twelve years.

### **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 group and of the profit or loss of the group for that year. 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 United Kingdom 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 group 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**KILMARTIN HOLDINGS LIMITED**

**DIRECTORS' REPORT (Contd.)**

**Disclosure of information to auditors**

The directors confirm that:

- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Auditors**

Chiene + Tait have signified their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**



**Neil S McGuinness**  
**Director**

22 MAY 2009

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

## KILMARTIN HOLDINGS LIMITED



We have audited the financial statements of Kilmartin Holdings Limited for the year ended 30 April 2008 set out on pages 8 to 36. 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.

This report is made solely to the company's shareholders 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 shareholders 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 shareholders, for our audit work, for this report, or for the opinion 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 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 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 and other members of the group 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, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because while the directors consider that bank facilities will be available and sufficient to enable the company to meet its obligations as they fall due for payment, the company has not yet agreed its funding facility with its bankers for a period of at least twelve months from the date of approval of these financial statements. Had this information been available to us we might have formed a different opinion.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Qualified opinion arising from limitation in audit scope**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis of preparation of the financial statements, 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 group and company's affairs as at 30 April 2008 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In our opinion the information given in the Directors' Report is consistent with the financial statements.



**CHIENE + TAIT**  
**Chartered Accountants and Registered Auditors**  
**61 Dublin Street**  
**Edinburgh EH3 6NL**

29 May 2009



**KILMARTIN HOLDINGS LIMITED**

**CONSOLIDATED PROFIT and LOSS ACCOUNT**

**For the year ended 30 April 2008**

	<b>Notes</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Turnover</b>			
Group and share of joint ventures			
Continuing operations		79,271	127,813
Acquisitions		2,619	4,216
Less: share of joint ventures' turnover		(3,348)	(38,932)
<b>Group turnover</b>	2,3	78,542	93,097
Cost of sales	3	(58,452)	(74,713)
Exceptional cost of sales	3,4	(31,747)	-
<b>Gross (loss)/profit</b>	3	(11,657)	18,384
Administrative expenses	3	(6,336)	(8,176)
Exceptional administrative expenses	3,4	(9,912)	-
<b>Group operating (loss)/profit</b>	3,5	(27,905)	10,208
Share of operating (loss)/profit in			
Joint ventures		(3,557)	9,773
Associates		82	3
Amortisation of goodwill on acquisitions	15	(566)	(383)
Continuing operations		(34,058)	12,091
Acquisitions		2,112	7,510
Operating (loss)/profit of the group, joint ventures and associates	3	(31,946)	19,601
Profit on disposal of fixed assets	7	-	2,709
Profit on disposal of fixed asset investments	8	-	1,896
Interest receivable	9	4,646	2,620
Interest payable	10	(19,450)	(16,751)
<b>(Loss)/profit on ordinary activities before tax</b>		(46,750)	10,075
Tax on (loss)/profit on ordinary activities	11	2,610	(2,117)
<b>(Loss)/profit on ordinary activities after tax</b>		(44,140)	7,958
Minority interests – Equity		(66)	(4)
<b>(Loss)/profit for the financial year</b>	24, 26	(44,206)	7,954

The notes on pages 13 to 36 form part of these financial statements.

**KILMARTIN HOLDINGS LIMITED****CONSOLIDATED STATEMENT of TOTAL RECOGNISED GAINS and LOSSES****For the year ended 30 April 2008**

	<b>Notes</b>	<b>2008</b> £'000	<b>2007</b> £'000
(Loss)/profit for the financial year		(44,206)	7,954
Revaluation of investment properties	24	907	-
Charge to current tax provision	11	-	(8)
Total recognised gains and losses relating to the year		<u>(43,299)</u>	<u>7,946</u>

**CONSOLIDATED NOTE of HISTORIC COST PROFITS and LOSSES****For the year ended 30 April 2008**

	<b>2008</b> £'000	<b>2007</b> £'000
(Loss)/profit on ordinary activities before taxation	(46,750)	10,075
Realisation of revaluation gains of previous years	-	452
Historical cost (loss)/profit on ordinary activities before taxation	<u>(46,750)</u>	<u>10,527</u>
Historical cost (loss)/profit for the year after taxation, equity minority interests and dividends	<u>(44,206)</u>	<u>5,406</u>

The notes on pages 13 to 36 form part of these financial statements.

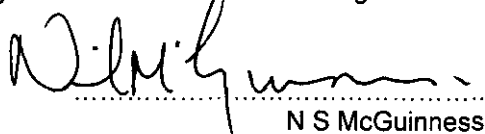
**KILMARTIN HOLDINGS LIMITED**

**CONSOLIDATED BALANCE SHEET**

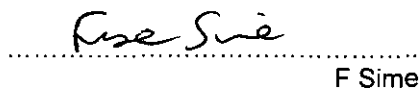
**As at 30 April 2008**

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangibles	15	6,036	2,017
Tangible fixed assets	14	18,719	50
Investments	16	1,064	1,262
Investments in joint ventures			
Share of Gross Assets		22,589	29,746
Share of Gross Liabilities		(19,399)	(24,776)
Share of Net Assets	16	3,190	4,970
Loans to Joint Ventures	16	16,462	10,206
Investments in associates	16	19,652	15,176
	16	3,811	2,778
		23,463	17,954
		49,282	21,283
<b>Current assets</b>			
Stocks and work in progress	18	190,656	121,344
Debtors	19	50,596	85,229
Cash at bank and in hand		145	717
		241,397	207,290
<b>Creditors: amounts falling due within one year</b>	20	(288,683)	(216,000)
<b>Net current liabilities</b>		(47,286)	(8,710)
<b>Total assets less current liabilities</b>		1,996	12,573
<b>Creditors: amounts falling due after one year</b>	21	(18,417)	(1,393)
Provision for liabilities and charges	22	(72)	-
Minority interests – Equity interests		122	(252)
<b>Net (liabilities)/assets</b>		(16,371)	10,928
<b>Capital and reserves</b>			
Share capital	23	4	2
Share premium	24	15,998	-
Profit and loss account	24	(34,375)	9,831
Revaluation reserve	24	2,002	1,095
<b>Equity shareholders' (deficit)/funds</b>	26	(16,371)	10,928

Approved by the Board of Directors and signed on its behalf by:

  
N S McGuinness

Director

  
F Sime

Director

22 MAY 2009

The notes on pages 13 to 36 form part of these financial statements.

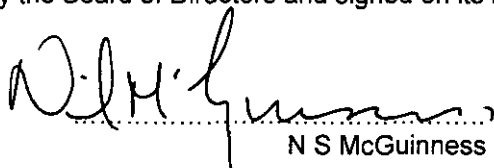
**KILMARTIN HOLDINGS LIMITED**

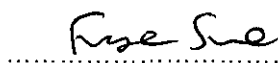
**COMPANY BALANCE SHEET**

**As at 30 April 2008**

	Notes	£'000	2008 £'000	£'000	2007 £'000
<b>Fixed assets</b>					
Investments	17		8,000		5,990
<b>Current assets</b>					
Debtors	19	228,880		6,745	
Cash at bank and in hand		1,746		-	
		230,626		6,745	
<b>Creditors:</b> amounts falling due within one year	20	(218,361)		(11,854)	
<b>Net current assets/(liabilities)</b>			12,265		(5,109)
<b>Total assets less current liabilities</b>			20,265		881
<b>Creditors:</b> amounts falling due after one year	21		(8,500)		-
<b>Net assets</b>			11,765		881
			=====		=====
<b>Capital and reserves</b>					
Share capital	23		4		2
Share premium account	25		15,998		-
Profit and loss account	25		(4,237)		879
<b>Equity shareholders' funds</b>	26		11,765		881
			=====		=====

Approved by the Board of Directors and signed on its behalf by:

  
 .....  
 N S McGuinness Director

  
 .....  
 F Sime Director

22 MAY 2009

The notes on pages 13 to 36 form part of these financial statements.

**KILMARTIN HOLDINGS LIMITED**
**CONSOLIDATED CASH FLOW STATEMENT**
**For the year ended 30 April 2008**

	Notes	£'000	2008 £'000	£'000	2007 £'000
<b>Net cash outflow from operating activities</b>	29		(51,446)		(11,065)
Dividends received from joint ventures and associates		464		7,205	
			464		7,205
<b>Returns on investments and servicing of finance</b>					
Interest received		4,646		2,423	
Interest paid		(19,450)		(13,266)	
			(14,804)		(10,843)
<b>Taxation</b>					
Tax received/(paid)			169		(2,549)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(17,805)		(988)	
Receipts from disposals of tangible fixed assets		-		24,059	
Loans advanced to associates		(3,807)		(98)	
Loans advanced to joint ventures		(6,256)		(5,840)	
			(27,868)		17,133
<b>Acquisitions and disposals</b>					
Payments to acquire investments		(1,872)		(426)	
Payments to acquire interests in joint ventures		(1,196)		(2,038)	
Payments to acquire interests in subsidiaries		(11,602)		(50)	
Receipts from disposals of investments		-		149	
Receipts from disposals of subsidiaries		-		1,707	
Receipts from disposals of joint ventures		-		8,642	
Net cash balance acquired/(disposed) of with subsidiary undertaking		599		(17)	
			(14,071)		7,967
<b>Equity dividends paid</b>			-		(3,539)
<b>Financing</b>					
Issue of share capital		16,000		-	
Issue of loan notes		8,500		-	
			24,500		-
<b>(Decrease)/increase in cash</b>	30		(83,056)		4,309

The notes on pages 13 to 36 form part of these financial statements.

# **KILMARTIN HOLDINGS LIMITED**

## **NOTES to the FINANCIAL STATEMENTS**

**For the year ended 30 April 2008**

### **1. Principal accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

#### **Going concern**

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The directors have prepared projected cash flow information which reflects the directors' plans for the period ending twelve months from the date of their approval of these financial statements. The nature of the group's business is such that the majority of cash inflows are generated from rental income and property sales. Given the current economic conditions there can however be no certainty over the timing or amount of these cash inflows, particularly those relating to property sales or cash outflows that may occur should any guarantees be called.

The group is funded through a combination of shareholders equity and debt finance which comprises loan notes plus an overdraft facility which are repayable on demand. The facilities are subject to financial covenants and other conditions which the group monitors regularly. The covenants are sensitive to changes in projected cash flows, the value of properties and movement in interest rates.

On the basis of the projected cash flow information the directors consider that the group will continue to operate within the facilities currently agreed and within those which they expect will be agreed in mid 2009 when the group's bankers are due to consider renewing the overdraft facility for a further year.

The margin of facilities available over forecast requirements and covenant headroom in these projections is not large and, inherently, there can be no certainty in relation to these matters. The possibility of material adverse changes in the amount and timing of actual cash flows, property values and interest rates compared to the projections represent material uncertainties. Should material adverse change occur, they could cast significant doubt on the group's ability to continue as a going concern. In such circumstances the group may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from such circumstances.

#### **Basis of consolidation**

The company is an intermediate parent and has voluntarily prepared consolidated financial statements. The group financial statements consolidate the financial statements of the company and its subsidiary undertakings and its share of the results and post acquisition reserves of associated undertakings and joint ventures.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

#### **Goodwill**

Goodwill represents the difference between the fair value of the consideration given and the fair value of the separate net assets acquired and is capitalised on the balance sheet and amortised in equal annual instalments over its useful economic life. Provision is made for any impairment when identified.

# KILMARTIN HOLDINGS LIMITED

## NOTES to the FINANCIAL STATEMENTS

**For the year ended 30 April 2008**

### **1. Principal accounting policies (Contd.)**

#### **Profit recognition**

Profit is included in the financial statements in connection with property developments when a legally binding contract for the sale of the development has been entered into and legal conclusion has taken place before the year end. When legally binding contracts exist, profits on the construction and refurbishment elements of the development are determined only when the outcome can be assessed with reasonable certainty. Provisions are made in full for foreseeable losses. Other profits arising from developments are included in the financial statements only when legal completion of the sale of the development has been effected.

#### **Investments**

Investments in subsidiary and associated undertakings are shown at the lower of cost and net realisable value in the company balance sheet.

In the consolidated financial statements, shares in associated undertakings and joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the pre tax profits and attributable taxation of the associated undertakings based on audited financial statements for the financial year or management accounts. In the consolidated balance sheet the investment in associated undertakings and joint ventures is shown as the group's share of net assets of the associated undertakings and joint ventures.

#### **Deferred taxation**

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

#### **Pension costs**

The group contributes to a group money purchase pension scheme and the pension charge in the profit and loss account represents the amounts payable by the group to the fund in respect of the year.

#### **Stocks and work in progress**

Development properties and stocks are valued at the lower of cost and net realisable value. Cost is computed on the total consideration paid. Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### **Tangible fixed assets and depreciation**

Investment properties are included at valuation on completion of a development. Investment properties under development are included at cost together with construction and/or refurbishment costs. The company has not provided for depreciation on investment properties in accordance with SSAP 19 "Investment Properties". In complying with SSAP 19 the Directors have not fully complied with the Companies Act 1985 but consider that this departure is necessary to provide a "true and fair" view.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	-	2 years straight-line
Leasehold buildings improvements	-	2 years straight-line
Plant and machinery	-	2 years straight-line
Office equipment	-	2 years straight-line

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****2. Turnover**

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities within the United Kingdom stated net of value added tax. Turnover of development properties which are not held for the long-term is recorded when a sale is completed in accordance with the profit recognition criteria above. Turnover includes sales of directly held work in progress.

**3. Analysis of continuing, acquired and discontinued operations**

	<b>2008 Con- tinuing £'000</b>	<b>2008 Acquired £'000</b>	<b>2008 Total £'000</b>	<b>2007 Con- tinuing £'000</b>	<b>2007 Acquired £'000</b>	<b>2007 Total £'000</b>
Turnover	76,134	2,408	78,542	86,697	6,400	93,097
Cost of sales	(58,355)	(97)	(58,452)	(74,715)	2	(74,713)
Exceptional cost of sales	(31,747)	-	(31,747)	-	-	-
Gross (loss)/profit	(13,968)	2,311	(11,657)	11,982	6,402	18,384
Administrative expenses	(6,287)	(49)	(6,336)	(8,168)	(8)	(8,176)
Exceptional administrative expenses	(9,912)	-	(9,912)	-	-	-
Group operating (loss)/profit	(30,167)	2,262	(27,905)	3,814	6,394	10,208
Share of operating (loss)/profit in Joint Ventures and Associates	(3,325)	(150)	(3,475)	8,660	1,116	9,776
Amortisation of goodwill	(566)	-	(566)	(383)	-	(383)
	<u>(34,058)</u>	<u>2,112</u>	<u>(31,946)</u>	<u>12,091</u>	<u>7,510</u>	<u>19,601</u>
	=====	=====	=====	=====	=====	=====

**4. Exceptional items**

In light of the current economic climate, the Group provided £31,747,000 (company - £6,773,000) against the value of work in progress which has been classified as exceptional cost of sales on the face of the profit and loss account.

The Group has also provided £9,912,000 (company - £2,001,000) against its investments in Kilmartin Investment Management Limited, Playgolf East Kilbride Limited and Playgolf Holdings Plc and the associated goodwill. This has been classified as an exceptional administrative expense on the face of the profit and loss account.

The directors consider the remaining work in progress and investments to be fully recoverable.

**5 Group operating (loss)/profit**

	<b>2008 £'000</b>	<b>2007 £'000</b>
This is stated after charging:		
Auditors' remuneration – audit fee	66	62
Auditors' remuneration – other services relating to taxation	123	56
Amortisation of goodwill (note 15)	566	383
Depreciation (note 14)	43	43
	=====	=====



**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008**

<b>6. Directors and employees</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs including directors' emoluments		
Wages and salaries	1,422	1,297
Social security costs	69	84
Company contributions to money purchase schemes	27	19
	<u>1,518</u>	<u>1,400</u>
	=====	=====
Average number of employees during the year	34	51
	=====	=====

None of the directors received any emoluments from the company or group during the period.

<b>7. Profit on disposal of fixed assets</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Profit on disposal of fixed assets – group	-	2,709
	=====	=====

<b>8. Profit on disposal of fixed asset investments</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Profit on disposal of investments – group	-	1,094
Profit on disposal of investments – joint ventures	-	802
	<u>-</u>	<u>1,896</u>
	=====	=====

<b>9. Interest receivable</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Group	1,973	2,424
Associates	120	5
Joint ventures	2,329	191
Other	224	-
	<u>4,646</u>	<u>2,620</u>
	=====	=====

**KILMARTIN HOLDINGS LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 30 April 2008**

**10. Interest payable**

	<b>2008</b>	<b>2007</b>
	£'000	£'000
Bank interest payable and similar charges – group	19,241	13,266
Bank interest payable and similar charges – associates	-	383
Bank interest payable and similar charges – joint ventures	-	3,102
Bank interest payable and similar charges – other	209	-
	<u>19,450</u>	<u>16,751</u>
	=====	=====

**11. Taxation**

	<b>2008</b>	<b>2007</b>
	£'000	£'000
Group – current year recognised in the Profit and Loss account	14	1,475
Group – current year recognised in the STRGL	-	8
Group – overprovision in previous years	(1,018)	(3)
Group Relief	(1,621)	(139)
Payments for group relief recognised in the Profit and Loss account	(102)	111
	<u>(2,727)</u>	<u>1,452</u>
Associates– current year	44	455
Joint ventures – current year	1	729
	<u>(2,682)</u>	<u>2,636</u>
Deferred tax:		
Group – origination and reversal of timing differences (note 22)	(11)	(590)
Adjustments in respect of previous periods	83	79
	<u>(2,610)</u>	<u>2,125</u>
	=====	=====

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****11. Taxation (Contd.)**

The tax assessed for the period is higher (2007: lower) than expected as explained below:

	<b>2008</b> £'000	<b>2007</b> £'000
(Loss)/profit on ordinary activities before tax	(46,750)	10,075
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	(13,090)	3,023
Effects of:		
Differences in tax rates	-	(7)
Expenses not deductible for tax purposes	869	1,162
Taxable income	-	372
Other timing differences	4,030	418
Capital allowances	(67)	925
Utilisation of tax losses:		
Tax losses utilised	(47)	(609)
Tax losses carried forward	3,082	474
Tax losses carried back	1,466	73
Non taxable income	(179)	(1,190)
Group relief surrendered	-	673
Gain exempt for tax purposes	-	(2,536)
Adjustments to tax charge in respect of previous periods	(1,018)	(142)
Share of partnership losses	(100)	-
Amounts written off investments	3,993	-
Group relief received in respect of previous periods	(1,621)	-
Current tax (credit)/charge for the period	(2,682)	2,636

The group, including its share of joint ventures and associates, has an unrecognised deferred tax asset of £8,786,000 (2007: £2,029,473). This has arisen from tax losses carried forward. Its recoverability is dependent upon future taxable profits arising, the likelihood of which cannot at this stage be determined with reasonable certainty.

No provision has been made for deferred tax or gains recognised on revaluing properties to their market value. The group share of the amount unprovided is £1,494,000 (2007: £Nil).

**12. (Loss)/profit for the financial year**

The loss for the financial year dealt with in the financial statements of the holding company was £5,116,000 (2007: profit £3,918,000).

**13. Dividends**

	<b>2008</b> £'000	<b>2007</b> £'000
Interim dividend paid - £Nil (2007: £1,500) per share	-	3,000

**KILMARTIN HOLDINGS LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 30 April 2008**

**14. Tangible fixed assets - Group**

	<b>Leasehold Buildings</b>	<b>Office Equipment</b>	<b>Plant &amp; Machinery</b>	<b>Investment Properties</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>						
At 1 May 2007	29	1	78	-	15	123
Additions during the year	-	-	-	17,793	12	17,805
Re-valuations	-	-	-	907	-	907
At 30 April 2008	29	1	78	18,700	27	18,835
<b>Depreciation</b>						
At 1 May 2007	18	1	46	-	8	73
Charge for the year	9	-	24	-	10	43
At 30 April 2008	27	1	70	-	18	116
<b>Net book value</b>						
At 30 April 2008	2	-	8	18,700	9	18,719
At 30 April 2007	11	-	32	-	7	50

	<b>Investment Properties</b>
	<b>£'000</b>
<b>Historic cost</b>	
At 30 April 2008	11,461
At 30 April 2007	-

Investment properties are revalued by R J Wotherspoon (FRICS), a director of the company, on the basis of an open market value as defined by the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors. At 30 April 2008, all investment properties held, having a cost of £11,460,935 (2007: £Nil) were freehold properties.

**KILMARTIN HOLDINGS LIMITED**
**NOTES to the FINANCIAL STATEMENTS (Contd.)**
**For the year ended 30 April 2008**

<b>15. Intangibles - Group</b>	<b>Goodwill on Subsidiaries</b>	<b>Goodwill on Joint Ventures</b>	<b>Goodwill on Associates</b>	<b>Other intangibles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
<b>Cost</b>					
At 1 May 2007	150	618	2,496	74	3,338
On acquisitions in year (note 28)	4,600	4,026	-	-	8,626
Amounts written off (note 4)	(4,041)	-	-	-	(4,041)
Reclassification	199	2,297	(2,496)	-	-
At 30 April 2008	908	6,941	-	74	7,923
<b>Amortisation</b>					
At 1 May 2007	75	197	1,049	-	1,321
Charge for the year	71	495	-	-	566
Reclassification	105	944	(1,049)	-	-
At 30 April 2008	251	1,636	-	-	1,887
<b>Net book value</b>					
At 30 April 2008	657	5,305	-	74	6,036
At 30 April 2007	75	421	1,447	74	2,017

**16. Fixed asset investments - Group**

	<b>Interests in associated undertakings</b>	<b>Loans to associated undertakings</b>	<b>Total</b>	<b>Interest in joint ventures</b>	<b>Loan to joint ventures</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Value at 1 May 2007	2,778	-	2,778	4,970	10,206	15,176
Reclassification	(2,773)	-	(2,773)	2,773	-	2,773
Additions in year	-	3,807	3,807	1,385	6,256	7,641
Amounts written off	-	-	-	(2,000)	-	(2,000)
Share of results for the year	(1)	-	(1)	(3,938)	-	(3,938)
Value at 30 April 2008	4	3,807	3,811	3,190	16,462	19,652

Cost of interests in associates and joint ventures at 30 April 2008 was £13,612,000 (2007: £8,559,179).

**KILMARTIN HOLDINGS LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 30 April 2008**

**16. Fixed asset investments – Group (Contd.)**

Additional disclosures required for joint ventures which in aggregate exceed the 15% threshold:

	<b>Joint Ventures £'000</b>
Share of turnover	3,348
	=====
Share of assets	
Current assets	22,589
	-----
Share of liabilities	
Due within one year or less	19,399
	-----
Share of net assets	3,190
	=====

**Other investments**

	<b>2008 £'000</b>	<b>Group 2007 £'000</b>
At 1 May 2007	1,262	139
Additions in year	1,872	1,123
Amounts written off (note 4)	(2,070)	-
	-----	-----
At 30 April 2008	1,064	1,262
	=====	=====

**17. Fixed asset investments – Company**

	<b>Interests in Associated Under- takings £'000</b>	<b>Shares in Subsidiary Under- takings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 May 2007	5,940	50	5,990
Additions	4,774	-	4,774
Disposals	(763)	-	(763)
Provision against investments (note 4)	(2,001)	-	(2,001)
	-----	-----	-----
At 30 April 2008	7,950	50	8,000
	=====	=====	=====

**KILMARTIN HOLDINGS LIMITED**
**NOTES to the FINANCIAL STATEMENTS (Contd.)**
**For the year ended 30 April 2008**
**18. Stock and work in progress**

	<b>2008</b>	<b>Company</b>	<b>2008</b>	<b>Group</b>
	<b>£'000</b>	<b>2007</b>	<b>£'000</b>	<b>2007</b>
		<b>£'000</b>		<b>£'000</b>
Development properties	-	-	190,596	121,311
Stock	-	-	60	33
	-	-	190,656	121,344
	=====	=====	=====	=====

**19. Debtors**

	<b>2008</b>	<b>Company</b>	<b>2008</b>	<b>Group</b>
	<b>£'000</b>	<b>2007</b>	<b>£'000</b>	<b>2007</b>
		<b>£'000</b>		<b>£'000</b>
Trade debtors	-	-	1,879	658
Other debtors	80	30	4,138	3,108
Prepayments and accrued income	3,310	-	10,556	34,072
Amounts due by associated companies	-	-	12,374	7,781
Amounts due by group companies	225,490	5,002	-	-
Amounts due by related companies	-	1,713	2,955	39,610
Corporation tax	-	-	1,884	-
	228,880	6,745	33,786	85,229
Due after more than one year:				
Prepayments and accrued income	-	-	16,810	-
	228,880	6,745	50,596	85,229
	=====	=====	=====	=====

**20. Creditors: Amounts falling due within one year**

	<b>2008</b>	<b>Company</b>	<b>2008</b>	<b>Group</b>
	<b>£'000</b>	<b>2007</b>	<b>£'000</b>	<b>2007</b>
		<b>£'000</b>		<b>£'000</b>
Bank overdrafts and loans	215,052	11,776	268,133	185,649
Trade creditors	-	-	1,270	1,840
Amounts due to associated companies	600	5	-	3
Amounts due to related companies	-	-	36	20,223
Other taxation and social security	-	-	450	837
Other creditors	-	-	14,151	1,360
Accruals and deferred income	2,709	73	4,643	5,763
Corporation tax	-	-	-	325
	218,361	11,854	288,683	216,000
	=====	=====	=====	=====

The company's bankers hold cross company guarantees between companies within the Kilmartin Holdings Group. At 30 April 2008 the amount outstanding on overdrafts within the group facility amounted to £225,161,210 (2007: £162,601,617).

The bank borrowing is secured by a bond, floating charges and standard securities over the assets of the group.

**KILMARTIN HOLDINGS LIMITED**
**NOTES to the FINANCIAL STATEMENTS (Contd.)**
**For the year ended 30 April 2008**
**21. Creditors:** Amounts falling due after more than one year

	<b>Company</b>		<b>Group</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loan notes	8,500	-	8,500	-
Accruals and deferred income	-	-	9,917	1,393
	<u>8,500</u>	<u>-</u>	<u>18,417</u>	<u>1,393</u>
	=====	=====	=====	=====

The loan notes carry an interest rate of 18% and the principle is repayable before 1 April 2012.

**Analysis of debt maturity:**
**Company**

	<b>2008</b>		<b>2007</b>	
	<b>Accruals &amp; deferred</b>		<b>Accruals &amp; deferred</b>	
	<b>income</b>	<b>Loan notes</b>	<b>income</b>	<b>Loan notes</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts payable:				
Between two and five years	-	8,500	-	-
	=====	=====	=====	=====

**Group**

	<b>2008</b>		<b>2007</b>	
	<b>Accruals &amp; deferred</b>		<b>Accruals &amp; deferred</b>	
	<b>income</b>	<b>Loan notes</b>	<b>income</b>	<b>Loan notes</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts payable:				
Between one and two years	6,113	-	-	-
Between two and five years	3,804	8,500	1,393	-
	<u>9,917</u>	<u>8,500</u>	<u>1,393</u>	<u>-</u>
	=====	=====	=====	=====

**22. Provision for deferred taxation**

	<b>2008</b>	<b>Group</b>
	<b>£'000</b>	<b>2007</b>
		<b>£'000</b>
Accelerated capital allowances	79	
Losses	(7)	-
	<u>72</u>	<u>-</u>
	=====	=====
Provision at 30 April 2007	-	975
Deferred tax charge for the year (note 11)	(11)	(590)
Prior year adjustment (note 11)	83	79
Elimination on sale of subsidiary	-	(464)
	<u>72</u>	<u>-</u>
	=====	=====



# KILMARTIN HOLDINGS LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 30 April 2008

#### 23. Share capital

	Authorised		Allotted, called up and fully paid	
	2008	2007	2008	2007
	No.	No.	£'000	£'000
Ordinary shares of £1 each	-	100,000	-	2
A Ordinary shares of £1 each	2,000	-	2	-
B Ordinary shares of £1 each	2,000	-	2	-
	-----	-----	-----	-----
	4,000	100,000	4	2
	=====	=====	=====	=====

On 31 May 2007, the share capital in issue was redesignated as 2,000 A ordinary shares. A further 2,000 ordinary shares of £1 were designated as B ordinary shares. The B ordinary shares were allotted and fully paid for cash at £8,000 per share.

On 21 August 2007, the remaining unissued share capital was cancelled.

The A and B shares rank pari passu.

#### 24. Reserves – Group

	Profit and loss account	Share premium account	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
At 1 May 2007	9,831	-	1,095	10,926
Loss for the year	(44,206)	-	-	(44,206)
Premium arising on issue of shares	-	15,998	-	15,998
Movement in revaluation reserve	-	-	907	907
	-----	-----	-----	-----
At 30 April 2008	(34,375)	15,998	2,002	(16,375)
	=====	=====	=====	=====

#### 25. Reserves – Company

	Profit and loss account	Share premium account	Total
	£'000	£'000	£'000
At 1 May 2007	879	-	879
Loss for the year	(5,116)	-	(5,116)
Premium arising on issue of shares	-	15,998	15,998
	-----	-----	-----
At 30 April 2008	(4,237)	15,998	11,761
	=====	=====	=====

# KILMARTIN HOLDINGS LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

**For the year ended 30 April 2008**

### 26. Reconciliation of movement in shareholders' (deficit)/funds

	Company		Group	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
At 1 May 2007	881	(37)	10,928	5,982
(Loss)/profit for the year	(5,116)	3,918	(44,206)	7,954
Dividends	-	(3,000)	-	(3,000)
Share capital issued during the year	2	-	2	-
Premium arising on issue of shares	15,998	-	15,998	-
Realisation of group relief	-	-	-	(8)
Movement on revaluation reserve	-	-	907	-
At 30 April 2008	11,765	881	(16,371)	10,928

### 27. Ultimate controlling party and related party disclosures

The company is a joint venture between R J Wotherspoon, who is a director, and Uberior Ventures Limited. Both parties have a 50% interest in the share capital of the company.

Uberior Ventures Limited is a subsidiary of HBOS plc, the Group's principal banker. The balances outstanding on overdrafts and loan notes are disclosed in Notes 19 and 20. Interest charged during the year is disclosed in Note 10.

During the year, £3,903,164 (2007: £5,014,703) of management fees were payable to Caledon Trading Limited, Property Consultants, of which R J Wotherspoon is sole shareholder.

The group provided the following loans to associates and joint ventures:

	Balance	Interest	Balance	Interest
	at	receivable	at	receivable
	30 April 2008	in year	30 April 2007	in 2007
	£'000	£'000	£'000	£'000
Wynyard Park Limited	-	-	-	343
Amerdale Kilmartin LLP	3,344	-	3,344	-
K G Estates Limited	-	-	-	236
Kilmerlin Danesmount Chester	10,886	697	6,862	176
Amerdale Kilmartin Europe Limited	3,807	120	-	-
Kilmartin Ashford LLP	406	6	-	-
Sherbrooke Kilmartin LLP	1,826	66	-	-

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****27. Ultimate controlling party and related party disclosures (Contd.)**

At 30 April 2008 the following balances were due to the group from related companies in which R J Wotherspoon has an interest:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
All Terrain Clothing Limited	333	156
Annfield Assets Limited	29	21,616
Annfield Investments Limited	1,048	-
Bloc Limited	1	-
Bride Parks Limited	-	459
Buccmartin Properties Limited	-	1,737
Caledon Trading Limited	30	187
Deanmartin Limited	2,209	5,216
Glenlyon Estate	17	-
Highland Deer Management Limited	1	-
KW Estates Limited	30	-
Kilbride Properties Limited	-	9,501
Kilmartin Ashford LLP	7	-
Kilmartin SCI (Hulton House) Limited	-	96
Kilmerlin Danesmount Limited	4,946	740
Kilmerlin Danesmount Chester Limited	-	733
Kilmartin Regent Limited	1,749	-
Kilmartin Regent Oxford Limited	4,213	-
Playgolf Holdings plc	-	41
Playgolf Kilmartin Limited	4,769	-
Power Developments Limited	-	54
Strathmore Building Services Limited	-	14
Sovereign House Limited	-	44
Sovereign House Developments Limited	-	-
T Homewood Limited	-	37
Octagon Limited	-	274
	=====	=====

The company has elected to take advantage of the exemption granted in Financial Reporting Standard 8 – “Related Party Disclosures” available to 90% or more owned subsidiaries and has not disclosed transactions with those companies in the Kilmartin Holdings Group.

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****28. Acquisitions****Kenmore Capital East Kilbride Limited**

During the year the Group paid £3,605,195 for 2 ordinary shares of £1 each in Kenmore Capital East Kilbride Limited. This represented 100% of the share capital of the company.

Identifiable assets and liabilities acquired and their provisional fair value to the Group at the date of acquisition were as follows:

	<b>Book Value £'000</b>	<b>Re- valuations £'000</b>	<b>Fair Value to Group £'000</b>
<b>Current assets</b>			
Stock and work-in-progress	8,672	3,604	12,276
Other assets	79	-	79
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>8,751</b>	<b>3,604</b>	<b>12,355</b>
	<hr/>	<hr/>	<hr/>
<b>Creditors</b>			
Current liabilities	8,750	-	8,750
	<hr/>	<hr/>	<hr/>
<b>Net assets</b>	<b>1</b>	<b>3,604</b>	<b>3,605</b>
	<hr/>	<hr/>	<hr/>
 Satisfied by:			<b>£'000</b>
Cash			3,605
			<hr/>

In the last financial year to 31 July 2007, the date of acquisition, Kenmore Capital East Kilbride Limited made a profit after tax and minority interest of £1,158,466.

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****28. Acquisitions (Contd.)****Teague Investments Limited**

During the year the Group paid £6,288,219 for 100 ordinary shares of £1 each in Teague Investments Limited. This represented 100% of the share capital of the company.

Identifiable assets and liabilities acquired and their provisional fair value to the Group at the date of acquisition were as follows:

	<b>Book Value £'000</b>	<b>Re- valuations £'000</b>	<b>Fair Value to Group £'000</b>
Investment properties	11,461	6,332	17,793
Total assets	11,461	6,332	17,793
Current liabilities	11,505	-	11,505
Net (liabilities)/assets	(44)	6,332	6,288
	=====	=====	=====
Satisfied by:			£'000
Deferred consideration			4,831
Cash			1,457
			-----
			6,288
			=====

In the last financial year to 30 June 2007, Teague Investments Limited made a loss after tax and minority interest of £903,869. For the period since that date to the date of acquisition, Teague Investments Limited's management accounts show a loss of £13,352.

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****28. Acquisitions (Contd.)****Kilbride Properties Limited**

During the year the Group paid £2,500,000 for 100 ordinary shares of £1 each in Kilbride Properties Limited. This represented 100% of the share capital of the company.

Identifiable assets and liabilities acquired and their provisional fair value to the Group at the date of acquisition were as follows:

	<b>Book Value £'000</b>	<b>Re- valuations £'000</b>	<b>Fair Value to Group £'000</b>
Current assets			
Stock and work-in-progress	17,932	2,908	20,840
Other assets	1,570	-	1,570
Total assets	19,502	2,908	22,410
Current liabilities	19,910	-	19,910
Total (liabilities)/assets	(408)	2,908	2,500
	=====	=====	=====
Satisfied by:			£'000
Cash			2,500
			=====

In the last financial year to 30 April 2008, the date of acquisition, Kilbride Properties Limited made a loss after tax and minority interest of £1,868,795.

# KILMARTIN HOLDINGS LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2008

### 28. Acquisitions (Contd.)

#### Kilmartin Investment Management Limited

During the year the Group paid £4,040,000 for the entire issued share capital of Kilmartin Investment Management Limited (formerly Amerdale Group Limited).

Identifiable assets and liabilities acquired and their provisional fair value to the Group at the date of acquisition were as follows:

	Book Value and Fair Value to Group £'000
Debtors	55
Cash at bank and in hand	304
Total assets	<u>359</u>
Current liabilities	(359)
Net assets	<u>-</u>
Goodwill (Note 15)	4,040
	<u>4,040</u>
	=====
Satisfied by:	£'000
Cash	4,040
	=====

In the last financial year to 30 July 2007, Kilmartin Investment Management Limited made a profit after tax of £819,870. For the period since that date to the date of acquisition, Kilmartin Investment Management Limited's management accounts show a profit of £12,813.

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****28. Acquisitions (Contd.)****Bloc Limited**

During the year the Group paid £1,196,000 for 1,666 ordinary shares of £1 each in Bloc Limited. This represented 17% of the share capital of the company.

Identifiable assets and liabilities acquired and their provisional fair value to the Group at the date of acquisition were as follows:

	<b>Book Value and Fair Value to Group £'000</b>
Investments	1,180
Current assets	
Cash at bank and in hand	1,730
Other current assets	1,021
Total assets	<u>3,931</u>
Current liabilities	<u>206</u>
Net assets	<u>3,725</u>
Share of net assets acquired	633
Goodwill (Note 15)	563
	<u>1,196</u>
	=====
Satisfied by:	£'000
Cash	1,196
	=====

In the last financial year to 31 December 2006, Bloc Limited made a profit after tax and minority interest of £1,021,995. For the period since that date to the date of acquisition, Bloc Limited's management accounts show a profit of £1,358,994.



**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****28. Acquisitions (Contd.)****Tinsley Park Holdings Limited**

During the year the Group paid £4,774,000 for 1,404,912 "A" ordinary shares of £1 each in Tinsley Park Holdings Limited. This represented 17% of the share capital of the company.

Identifiable assets and liabilities acquired and their provisional fair value to the Group at the date of acquisition were as follows:

	<b>Book Value and Fair Value to Group £'000</b>
Investments	6,940
Current liabilities	(2,382)
Net assets	4,558
Share of net assets acquired	752
Goodwill (Note 15)	4,022
	4,774
	=====
Satisfied by:	£'000
Debt	4,774
	=====

In the financial year to 31 December 2006, Tinsley Park Holdings Limited made a profit after tax of £2,772,403. For the period since that date to the date of acquisition Tinsley Park Holdings Limited management accounts show a loss of £627,462.

**29. Reconciliation of operating (loss)/profit to net cash outflow from operating activities**

	<b>2008 £'000</b>	<b>2007 £'000</b>
Operating (loss)/profit	(27,905)	10,208
Depreciation	43	43
Investment write offs	10,163	-
Increase in stock and work in progress	(69,312)	(2,154)
Decrease/(increase) in debtors	36,517	(11,885)
Decrease in creditors	(952)	(7,277)
Net cash outflow from operating activities	(51,446)	(11,065)
	=====	=====

**KILMARTIN HOLDINGS LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 30 April 2008**

**30. Reconciliation of cash flow to movement in net funds**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease)/increase in cash in the year	(83,056)	4,309
Cash inflow from issue of loan notes	(8,500)	-
	<hr/>	<hr/>
Movement in net funds for the year	(91,556)	4,309
Opening net funds	(184,932)	(189,241)
	<hr/>	<hr/>
Closing net funds	(276,488)	(184,932)
	<hr/>	<hr/>

For both acquisitions and disposals during the year a cash consideration was paid/received.

**31. Analysis of changes in net funds**

	<b>At</b>	<b>Cash</b>	<b>At</b>
	<b>1 May</b>	<b>Flows</b>	<b>30 April</b>
	<b>2007</b>		<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	717	(572)	145
Bank overdrafts	(185,649)	(82,484)	(268,133)
	<hr/>	<hr/>	<hr/>
	(184,932)	(83,056)	(267,988)
Debt due after one year	-	(8,500)	(8,500)
	<hr/>	<hr/>	<hr/>
	(184,932)	(91,556)	(276,488)
	<hr/>	<hr/>	<hr/>

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****32. Additional information on subsidiaries, associated undertakings and joint ventures**

<b>Name of Subsidiary Undertaking</b>	<b>Nature of Business</b>	<b>Country of Registration</b>	<b>Class of Share</b>	<b>Proportion Held Group</b>	<b>Parent</b>	<b>Year End</b>
Ballymena Properties Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Bride Parks Infrastructure Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilbride Community Rail Limited	Dormant	Scotland	Ordinary	100%	-	30.04.08
Kilbride Consulting Limited	Management company	Scotland	Ordinary	100%	-	30.04.08
Kilbride Group Limited	Holding Company	England	Ordinary	100%	-	30.04.08
Kilbride Properties Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilbride Rail Terminals Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilbride Resources Limited	Dormant	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Amerdale Limited	Property development	Scotland	Ordinary	85%	-	30.04.08
Kilmartin Cameron Toll Limited	Holding company	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Developments Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Developments (No 2) Limited	Holding company	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Developments Glasgow Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Ealing Limited	Management company	Scotland	Ordinary	100%	-	30.04.08
Kilmartin East Kilbride Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Estates Limited	Property development	Scotland	Ordinary	100%	100%	30.04.08
Kilmartin Fountain Bridge Limited	Property development	England	Ordinary	100%	-	30.04.08
Kilmartin (GP) Limited	Holding company	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Homes Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Inns Limited	Property investment	Scotland	Ordinary	80%	-	30.04.08
Kilmartin Inshes Limited	Property development	Scotland	Ordinary	100%	-	30.04.08

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****32. Additional information on subsidiaries, associated undertakings and joint ventures (Contd.)**

<b>Name of Subsidiary Undertaking</b>	<b>Nature of Business</b>	<b>Country of Registration</b>	<b>Class of Share</b>	<b>Proportion Held Group Parent</b>		<b>Year End</b>
Kilmartin Inshes (No 2) Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin London Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin London Property Services Limited	Project Management	Scotland	Ordinary	100%	-	30.04.08
Kilmartin (Madeira House) Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilmartin (Maidenhead) Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Investment Management Limited	Project Management	England	Ordinary	100%	-	30.04.08
Kilmartin (No 9) Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilmartin (No 11) Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilmartin (No 12) Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilmartin (No 17) Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilmartin Properties (No. 2) Limited	Holding company	England	Ordinary	100%	-	30.04.08
Kilmartin Properties (TW) Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Property Group Limited	Property development	Scotland	Ordinary	100%	100%	30.04.08
Kilmartin Property Services Limited	Dormant	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Roadside Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Securities Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Kilmartin (Slough) Limited	Property investment	England	Ordinary	100%	-	30.04.08
Kilmartin Ventures Limited	Property development	Scotland	Ordinary	100%	100%	30.04.08
Kilmartin Vincent Limited	Property Investment	Scotland	Ordinary	100%	-	30.04.08
Kilmartin Weston Flats Limited	Property Investment	England	Ordinary	100%	-	30.04.08
Kilmartin Weston Limited	Property Development	England	Ordinary	100%	-	30.04.08
K M Estates 2 Limited	Property Development	Scotland	Ordinary	100%	-	30.04.08
Liberton Properties Limited	Property Development	Scotland	Ordinary	100%	-	30.04.08
Lismore Investments Limited	Property development	Scotland	Ordinary	100%	-	30.04.08
Nameturn Limited	Dormant	England	Ordinary	100%	-	30.04.08
Octagon Europe Limited	Intellectual Property	Scotland	Ordinary	72%	72%	30.04.08
Robin Gate Wood Limited	Dormant	Scotland	Ordinary	100%	100%	30.04.08
Upred Limited	Dormant	England	Ordinary	100%	-	30.04.08

**KILMARTIN HOLDINGS LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 30 April 2008****32. Additional information on subsidiaries, associated undertakings and joint ventures (Contd.)**

<b>Name of Principal Associates and Joint Ventures</b>	<b>Nature of Business</b>	<b>Country of Registration</b>	<b>Class of Share</b>	<b>Proportion Held Group</b>	<b>Parent</b>	<b>Year End</b>
Amerdale Kilmartin LLP	Property development	England	N/A	50%	-	31.03.08
Amerdale Kilmartin Europe Limited	Property development	England	Ordinary	25%	-	30.04.08
Bloc Limited	Land partnership development	England	Ordinary	50%	50%	31.12.07
Buccmartin Limited	Property development	Scotland	Ordinary	50%	-	28.02.08
Deanmartin Developments Limited	Property development	Scotland	Ordinary	50%	-	31.03.08
Kilmerlin Danesmount Limited	Property development	Scotland	Ordinary	50%	-	30.04.08
Kilmerlin Danesmount Chester Limited	Property development	Scotland	Ordinary	50%	-	30.04.08
Kilmartin PPG Strand Limited	Property development	Scotland	Ordinary	25%	-	31.01.08
Kilmartin Regent Limited	Property development	Scotland	Ordinary	50%	-	30.04.08
Kilmartin Regent Oxford Limited	Property development	Scotland	Ordinary	50%	-	30.04.08
Kilmartin SCI (Hulton House)	Property investment	England	N/A	50%	-	30.04.08
Kilmartin SCI (Hulton House) Limited	Nominee company	England	Ordinary	50%	-	30.04.08
Tinsley Park Holdings Limited	Holding company	England	Ordinary	50%	50%	31.12.07
Playgolf Kilmartin Limited	Property development	Scotland	Ordinary	50%	50%	30.04.08
Kilmartin Ashford LLP	Property development	Scotland	N/A	50%	-	30.04.08
Sherbrooke Kilmartin LLP	Property development	Scotland	N/A	50%	-	30.04.08