

REGISTERED NUMBER SC167292

EILEAN AIGAS LIMITED

REPORT OF THE DIRECTOR AND FINANCIAL STATEMENTS

31 JULY 2006

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EILEAN AIGAS LIMITED
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For the year ended 31 July 2006

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EILEAN AIGAS LIMITED**COMPANY INFORMATION****For the year ended 31 July 2006**

REGISTERED NUMBER	SC167292
DIRECTOR	Mango Ridge LLC
SECRETARY	Brodies Secretarial Services Limited
REGISTERED OFFICE	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
SOLICITORS	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
ACCOUNTANTS	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
AUDITORS	MacKenzie Kerr Chartered Accountants and Registered Auditors 19 Culduthel Road Inverness IV2 4AA

EILEAN AIGAS LIMITED

DIRECTOR'S REPORT

For the year ended 31 July 2006

The director presents its report with the audited financial statements of the company for the year ended 31 July 2006

Principal Activities and Business Review

The principal activity of the company in the year under review was that of running the estate known as Eilean Aigas Estate, by Beaulieu, Inverness-shire

The company is a wholly owned subsidiary of Mango Ridge LLC

The director is satisfied with the results of the year and considers the state of affairs of the company to be satisfactory

Directors

The directors during the year under review were

Mango Ridge LLC

The beneficial interest of the director holding office on 31 July in the issued share capital of the company was as follows

	2006	2005
	Ordinary £1 Shares	Ordinary £1 Shares
Mango Ridge LLC	2	2

EILEAN AIGAS LIMITED**DIRECTOR'S REPORT**

(continued)

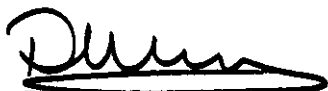
For the year ended 31 July 2006**Directors' Responsibilities**

Company law requires the director 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. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper financial records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD

Brodies Secretarial Services Limited
Secretary

Approved by the Board on **29** June 2007

EILEAN AIGAS LIMITED
AUDITORS' REPORT
For the year ended 31 July 2006

Independent Auditors' Report to the Shareholders of Eilean Aigas Limited

We have audited the financial statements of Eilean Aigas Ltd for the year ended 31 July 2006, 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 and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 are 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

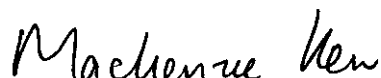
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) Issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 consider 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.

EILEAN AIGAS LIMITED**AUDITORS' REPORT continued****For the year ended 31 July 2006****Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 July 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 information given in the Directors' Report is consistent with the financial statements

**MACKENZIE KERR**

Chartered Accountants & Registered Auditors
19 Culduthel Road
Inverness
IV2 4AA

30 June 2007

EILEAN AIGAS LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 July 2006

		2006	2005
	Notes	£	£
Turnover		300	421
Cost of Sales			
Gross Profit		300	421
Administrative expenses		(414,539)	(279,253)
Other operating income		276	
Loss on ordinary activities before taxation	4	(413,963)	(278,832)
Tax on loss on ordinary activities	5		
Loss for the financial year after taxation		(413,963)	(278,832)
Deficit brought forward		(623,325)	(344,493)
Deficit carried forward		(1,037,288)	(623,325)

The notes on pages 7 to 9 form part of these financial statements

EILEAN AIGAS LIMITED

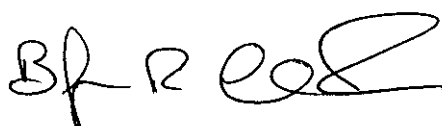
BALANCE SHEET

For the year ended 31 July 2006

		2006		2005	
	Note	£	£	£	£
Fixed Assets					
Tangible assets	6		12,462,400		7,710,644
Current assets					
Cash and Bank		50,309		116,931	
Debtors	7	41,469		311,235	
		91,778		428,166	
Creditors amounts falling due within one year	8	(641,495)		(499,394)	
Net current liabilities			(549,717)		(71,228)
Total assets less current liabilities			11,912,683		7,639,416
Creditors amounts falling due after one year	9		(12,949,969)		(8,262,739)
			(1,037,286)		(623,323)
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account			(1,037,288)		(623,325)
Shareholders' funds			(1,037,286)		(623,323)

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

ON BEHALF OF THE BOARD

 member

Mango Ridge LLC
Director

Approved by the Board on 29 June 2007

The notes on pages 7 to 9 form part of these financial statements

EILEAN AIGAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

1 Fundamental Accounting Concept

The company has net liabilities at the balance sheet date amounting to £1,037,286. However, the parent company has undertaken to make funds available to enable the company to meet its liabilities as they fall due and as a result the director considers the going concern basis of accounts production to be appropriate.

2 Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Heritable Property	2% straight line
Office equipment	25% straight line

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

3 Turnover

The total turnover of the company for the year is derived from its principal activity wholly undertaken in the UK.

4 Operating Loss

The operating loss is stated after charging

	2006	2005
	£	£
Depreciation – owned assets	259,811	159,581
Audit fees	2,800	2,000

EILEAN AIGAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

5 Taxation

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2006 nor for the year ended 31 July 2005

6 Tangible Fixed Assets

	Office Equipment	Heritable Property	Total
Cost	£	£	£
At 1 August 2005	755	7,969,539	7,970,294
Additions		5,011,567	5,011,567
At 31 July 2006	755	12,981,106	12,981,861
Depreciation			
At 1 August 2005	378	259,272	259,650
Charge for year	189	259,622	259,811
At 31 July 2006	567	518,894	519,462
Net Book Value			
At 31 July 2006	188	12,462,212	12,462,400
At 31 July 2005	377	7,710,267	7,710,644

No formal valuation of the company's property has been carried out at 31 July 2006. However, although the director considers that the value of the partly completed property is less than that shown in the accounts, no revaluation can be incorporated in the accounts due to the lack of a professional valuation. When building work is completed the property will be transferred to the parent company at a value determined by a professional valuation. It is anticipated by the director that this final valuation will be at least the value shown in the accounts at that date.

	2006	2005
7 Debtors	£	£
Sundry debtors		2,937
VAT refund due	41,469	308,262
	41,469	311,235
8 Creditors Amount Falling Due Within One Year		
	2006	2005
	£	£
Trade creditors	634,995	487,509
Accruals	6,500	11,885
	641,495	499,394

EILEAN AIGAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2006

9	Creditors Amounts Falling Due After More Than One Year			2006	2005
				£	£
	Amounts owed to parent company			12,949,969	8,262,739
				<u>12,949,969</u>	<u>8,262,739</u>
10	Capital Commitments				
	As at 31 July 2006 capital expenditure commitments were as follows				
				2006	2005
	Contracted for but not provided in the accounts			1,800,000	3,600,000
				<u>1,800,000</u>	<u>3,600,000</u>
11	Called Up Share Capital				
	Authorised	Nominal		2006	2005
	Number	Class	Value	£	£
	100	Ordinary	£1	100	100
				<u>100</u>	<u>100</u>
	Allotted, issued and fully paid	Nominal		2006	2005
	Number	Class	Value	£	£
	2	Ordinary	£1	2	2
				<u>2</u>	<u>2</u>
12	Ultimate Parent Undertaking				
	The ultimate holding company is Mango Ridge LLC, a company registered in the USA				

EILEAN AIGAS LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
For the year ended 31 July 2006

	2006		2005	
	£	£	£	£
Income				
Wayleaves received		300		421
Other income		276		
		<u>576</u>		<u>421</u>
Expenditure				
Woodland management	5,188		6,915	
Forestry contracting	8,448		35,658	
Heat and light			2,628	
Telephone			251	
Insurance	1,572		1,041	
Accountancy and tax fees	3,345		11,426	
Audit fees	2,800		2,000	
Legal and professional fees	9,869		16,077	
Transmission lines fees	123,406		36,838	
Sundry expenses	100		340	
Accommodation			980	
Repairs and property upkeep			4,688	
Cleaning			830	
Depreciation	<u>259,811</u>		<u>159,581</u>	
		<u>(414,539)</u>		<u>(279,253)</u>
Net Loss		<u>(413,963)</u>		<u>(278,832)</u>

This page does not form part of the statutory financial statements