

PPG LIGHTNING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

REGISTERED NUMBER: SC224053



PPG LIGHTNING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2004

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 January 2004.

PRINCIPAL ACTIVITY:

The principal activity of the company during the year was the investment in property within the UK for medium and long-term performance.

RESULTS AND DIVIDENDS:

Results and dividends for the year were as follows:

Retained profit at 31 January 2003	£	30,688
Profit for the financial year		38,086
Retained profit at 31 January 2004	£	68,774

No dividend was paid or proposed in respect of the year or the prior period.

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year were:

D E Murray
I B Tudhope
L Higgins
J R Davies
A Glasgow

At 31 January 2004 none of the directors had any interests in the share capital of the company. The interests of the directors in the share capital of the ultimate holding company (Note 16) are disclosed in the directors' report accompanying that company's financial statements.

The interests of J R Davies in the share capital of The Premier Property Group Limited, the company's immediate holding company (Note 16), are disclosed in the directors' report accompanying that company's financial statements.

PPG LIGHTNING LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2004

DIRECTORS' RESPONSIBILITIES:

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 its profit or loss for that period. *In preparing those financial statements, the directors are required to:*

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS:

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

9 Charlotte Square
Edinburgh
EH2 4DR

BY ORDER OF THE BOARD



D Horne
Company Secretary

28 July 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPG LIGHTNING LIMITED

We have audited the financial statements of PPG Lightning Limited for the year ended 31 January 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

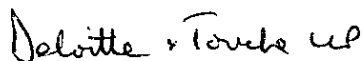
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh
28 July 2004

PPG LIGHTNING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2004

	<u>Notes</u>	<u>2004</u>	<u>9 October 2001 to 31 January 2003</u>
TURNOVER	1(d)	£ 513,185	£ 643,562
Cost of sales		-	(2,420)
GROSS PROFIT		513,185	641,142
Other operating expenses (net)	2	(3,049)	(53)
OPERATING PROFIT		510,136	641,089
Interest payable and similar charges	4	(455,397)	(597,579)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	54,739	43,510
Tax on profit on ordinary activities	6	(16,653)	(12,822)
PROFIT FOR THE FINANCIAL PERIOD	12	£ 38,086	£ 30,688

The current year and prior period results have been derived wholly from continuing operations.

The company has no gains or losses in either period other than the reported profit for each period.

The reported profit on ordinary activities before taxation equates to the historical cost profit on ordinary activities before taxation.

The accompanying notes form an integral part of this profit and loss account.

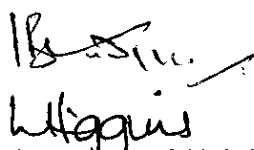
PPG LIGHTNING LIMITED

BALANCE SHEET - 31 JANUARY 2004

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
FIXED ASSETS			
Tangible assets	7	£ 14,062,889	£ 13,803,202
CURRENT ASSETS			
Debtors	8	1,070	164,189
CREDITORS: Amounts falling due within one year	9	(82,485)	(242,739)
NET CURRENT LIABILITIES		<u>(81,415)</u>	<u>(78,550)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,981,474	13,724,652
CREDITORS: Amounts falling due after more than one year	10	(13,911,700)	(13,692,964)
NET ASSETS		<u>£ 69,774</u>	<u>£ 31,688</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	£ 1,000	£ 1,000
Profit and loss account	12	68,774	30,688
EQUITY SHAREHOLDERS' FUNDS	13	<u>£ 69,774</u>	<u>£ 31,688</u>

SIGNED ON BEHALF OF THE BOARD ON 28 JULY 2004

I B Tudhope)
) Directors
L Higgins)



The accompanying notes form an integral part of this balance sheet.

PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES:

The principal accounting policies, which have been applied consistently throughout the year and the prior period are:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

No cash flow statement has been presented as provided by FRS 1 (Revised) as the consolidated financial statements of the ultimate holding company (Note 16) contain a consolidated cash flow statement and are publicly available.

(b) Tangible fixed assets

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and is in excess of any previously recognised surplus over cost related to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view.

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are normally recognised in the financial statements of the surrendering undertakings.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (continued):

(c) Taxation (continued)

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is the deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

(d) Turnover

Turnover comprises wholly of rental income and is net of VAT. Turnover has been wholly generated in the UK.

2. OTHER OPERATING EXPENSES (NET):

The following is included in other operating expenses (net):

	<u>2004</u>	<u>9 October 2001 to 31 January 2003</u>
Administrative expenses	£ 3,049	£ 53
	<u> </u>	<u> </u>

3. STAFF COSTS:

The company had no employees during the year or prior period. The directors were remunerated by other group undertakings in the current year and prior period.

4. INTEREST PAYABLE AND SIMILAR CHARGES:

The following is included in interest payable and similar charges:

	<u>2004</u>	<u>9 October 2001 to 31 January 2003</u>
On bank loans and overdrafts	£ 455,397	£ 597,579
	<u> </u>	<u> </u>

PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging:

	<u>2004</u>	<u>9 October 2001 to 31 January 2003</u>
Auditors' remuneration for audit services	£ 1,000	£ -
	<hr/>	<hr/>

Auditors' remuneration was borne by a fellow group company in the prior period.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge comprises:

	<u>2004</u>	<u>9 October 2001 to 31 January 2003</u>
Current tax		
UK corporation tax	£ 16,422	£ 12,822
Adjustments in respect of prior years		
- UK corporation tax	231	-
Total current tax	<hr/> 16,653	<hr/> 12,822
Total tax on profit on ordinary activities	<hr/> £ 16,653	<hr/> £ 12,822

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<u>2004</u>	<u>9 October 2001 to 31 January 2003</u>
Profit on ordinary activities before tax	£ 54,739	£ 43,510
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003 – 30%)	16,422	13,053
Effects of:		
Small companies relief	-	(231)
Adjustment in respect of prior year	231	-
Current tax charge for period	<hr/> £ 16,653	<hr/> £ 12,822

The company earns its profits in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

In the opinion of the directors there is no deferred tax provision required.

PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TANGIBLE FIXED ASSETS:

The following are included in the net book value of tangible fixed assets:

2004

Investment properties	£ 14,062,889
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The movement in the year was as follows:

Investment
properties

COST OR VALUATION:

At 31 January 2003	£ 13,803,202
Additions	259,687

At 31 January 2004	£ 14,062,889
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DEPRECIATION:

At 31 January 2003 and 31 January 2004	£ -
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NET BOOK VALUE:

At 31 January 2004	£ 14,062,889
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At 31 January 2003	£ 13,803,202
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Investment properties, which are freehold, were valued on an open-market existing-use basis as at 31 January 2004.

The valuation was undertaken by an officer of the company who is a qualified chartered surveyor. The valuation was made in full compliance with the RICS Appraisal and Valuation Manual.

In accordance with SSAP 19, investment properties are not depreciated (Note 1(b)). It is not possible to quantify the depreciation which would otherwise have been charged.

PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. DEBTORS:

The following amounts are included in the net book value of debtors:

	<u>2004</u>	<u>2003</u>
Amounts falling due within one year:		
Trade debtors	£ -	£ 154,714
Amounts owed by other group undertakings	1,000	9,475
VAT receivable	70	-
	<u>£ 1,070</u>	<u>£ 164,189</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

The following amounts are included in creditors falling due within one year:

	<u>2004</u>	<u>2003</u>
VAT payable	£ -	£ 23,042
Accruals and deferred income	70,586	205,300
Amounts owed to other group undertakings	11,899	11,501
Corporation tax payable	-	2,896
	<u>£ 82,485</u>	<u>£ 242,739</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

The following amounts are included in creditors falling due after more than one year:

	<u>2004</u>	<u>2003</u>
Between one and two years:		
Bank overdraft (secured)	£ 9,911,700	£ 9,692,964
Deferred payment	4,000,000	4,000,000
	<u>£ 13,911,700</u>	<u>£ 13,692,964</u>

The loans and overdrafts to the company, its ultimate holding company (Note 16) and its fellow subsidiary undertakings from Bank of Scotland are secured by a bond and floating charge over the assets of the company and a standard security over certain properties.

Bank overdrafts are classified as being repayable between one and two years in accordance with the terms agreed with the group's bankers.

The deferred payment is in respect of the acquisition of an investment property made during the prior period. This outstanding consideration is not payable by the company before 23 November 2006 unless the current tenants vacate the property earlier when the deferred payment becomes due. The company at its option can delay further the making of payment.

PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CALLED-UP EQUITY SHARE CAPITAL:

	<u>2004</u>	<u>2003</u>
Authorised:		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
	<hr/>	<hr/>
Allotted, called-up and fully paid:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
	<hr/>	<hr/>

12. RESERVES:

The movement in the year was as follows:

	<u>Profit and loss account</u>
Balance at 31 January 2003	£ 30,688
Profit for the financial year	38,086
	<hr/>
Balance at 31 January 2004	£ 68,774
	<hr/>

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS:

	<u>2004</u>
Profit for the financial year	£ 38,086
Opening equity shareholders' funds	31,688
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Closing equity shareholders' funds	£ 69,774
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PPG LIGHTNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

a) Capital commitments

The company had no capital commitments at 31 January 2004 (2003 - £nil).

b) Contingent liabilities

The company has guaranteed bank borrowings of the company, its ultimate holding company, Murray International Holdings Limited, and certain fellow subsidiary undertakings from Bank of Scotland by cross guarantees. The total contingency at 31 January 2004 amounts to £114,954,627 (2003 - £112,908,806).

c) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies

15. RELATED PARTY TRANSACTIONS:

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with fellow group undertakings.

16. ULTIMATE HOLDING COMPANY:

The ultimate holding company is Murray International Holdings Limited, which is registered in Scotland.

The largest group in which the results of the company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address. The smallest group in which the results of the company are consolidated is that headed by The Premier Property Group Limited whose principal place of business is at 43 Melville Street, Edinburgh, EH3 7JF.

17. ULTIMATE CONTROL:

D E Murray, a director of the ultimate holding company (Note 16), and members of his close family control the company as a result of controlling directly or indirectly 82% of the issued share capital of the ultimate holding company.