

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2006  
FOR  
DAWN DEVELOPMENTS LIMITED**

**Registered Number: SC674932**

**DAWN DEVELOPMENTS LIMITED**

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FOR THE YEAR ENDED 31 JANUARY 2006**

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**DAWN DEVELOPMENTS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 JANUARY 2006**

<b>CHAIRMAN</b>	Alan G. Macdonald
<b>DIRECTORS</b>	Stewart H. Rough L.L.B. (Hons.), C.A. Russell Stewart B.Sc., M.R.I.C.S, M.Sc.
<b>SECRETARY</b>	Stewart H. Rough L.L.B. (Hons.), C.A.
<b>REGISTERED OFFICE</b>	Pountney Hill House 6 Laurence Pountney Hill London EC4R 0BC
<b>REGISTERED NUMBER</b>	SC674932
<b>AUDITORS</b>	McLay, McAlister & McGibbon Chartered Accountants 53 Bothwell Street Glasgow G2 6TS
<b>BANKERS</b>	Bank of Scotland 4th Floor New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN

**DAWN DEVELOPMENTS LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JANUARY 2006**

The directors present their report with the financial statements of the company for the year ended 31 January 2006.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of building developers.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors are satisfied with the results for the year.

**DIVIDENDS**

No dividends will be declared for the year ended 31 January 2006.

**DIRECTORS**

The directors during the year under review were:

Alan G. Macdonald  
Russell Stewart  
Stewart H. Rough

The directors holding office at 31 January 2006 did not hold any beneficial interest in the issued share capital of the company at 1 February 2005 or 31 January 2006.

**OFFICERS' INSURANCE**

The company has purchased and maintained insurance to cover its officers against liabilities in relation to their duties to the company.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, McLay, McAlister & McGibbon, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

STEWART H. ROUGH  
Secretary

11 May 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
DAWN DEVELOPMENTS LIMITED**

We have audited the financial statements of Dawn Developments Limited for the year ended 31 January 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 on page two the company's directors are responsible for the preparation of 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 also report to you if, in our opinion, the Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors 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 considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

McLAY, McALISTER & McGIBBON  
Chartered Accountants  
Registered Auditors  
53 Bothwell Street  
Glasgow  
G2 6TS

11 May 2006

**DAWN DEVELOPMENTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 JANUARY 2006**

		2006		2005 as restated	
	Notes	£	£	£	£
<b>TURNOVER</b>	2		12,700,500		7,805,490
Cost of sales			<u>10,935,922</u>		<u>5,467,812</u>
<b>GROSS PROFIT</b>			1,764,578		2,337,678
Administrative expenses			<u>1,188,718</u>		<u>1,008,825</u>
			575,860		1,328,853
Other operating income			<u>45,500</u>		<u>103,438</u>
<b>OPERATING PROFIT</b>	4		621,360		1,432,291
Exceptional income from shares in group undertakings			<u>2,500,000</u>		-
			3,121,360		1,432,291
Interest receivable and similar income			<u>139,981</u>		<u>216,407</u>
			3,261,341		1,648,698
Amounts written off investments	6		<u>-</u>		<u>265,000</u>
			3,261,341		1,383,698
Interest payable and similar charges	7		<u>93,372</u>		<u>77,903</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			3,167,969		1,305,795
Tax on profit on ordinary activities	8		<u>200,132</u>		<u>468,130</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			<u>2,967,837</u>		<u>837,665</u>
<b>RETAINED PROFIT FOR THE YEAR</b>			<u>2,967,837</u>		<u>837,665</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**DAWN DEVELOPMENTS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JANUARY 2006**

	2006	2005 as restated
	£	£
<b>PROFIT FOR THE FINANCIAL YEAR</b>	2,967,837	837,665
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	2,967,837	837,665
Prior year adjustment	500,000	350,000
	<hr/>	<hr/>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>	<u>3,467,837</u>	<u>1,187,665</u>

The notes form part of these financial statements

**DAWN DEVELOPMENTS LIMITED**

**BALANCE SHEET  
31 JANUARY 2006**

		2006		2005 as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		-		442
Investments	11		<u>3,960,738</u>		<u>1,885,297</u>
			3,960,738		1,885,739
 <b>CURRENT ASSETS</b>					
Stocks	12	1,912,876		3,752,305	
Debtors	13	1,100,217		2,530,016	
Cash at bank		<u>6,859,832</u>		<u>367,569</u>	
			9,872,925		6,649,890
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>4,716,058</u>		<u>1,885,861</u>	
 <b>NET CURRENT ASSETS</b>			<u>5,156,867</u>		<u>4,764,029</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>9,117,605</u>		<u>6,649,768</u>
 <b>CAPITAL AND RESERVES</b>					
Called up share capital	15		1,100		1,100
Share premium	16		35,437		35,437
Profit and loss account	16		<u>9,081,068</u>		<u>6,613,231</u>
 <b>SHAREHOLDERS' FUNDS</b>	20		<u>9,117,605</u>		<u>6,649,768</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 11 May 2006.

ALAN G. MACDONALD  
Director

STEWART H. ROUGH  
Director

**DAWN DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2006**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it is a subsidiary undertaking the cash flows of which are included in the consolidated financial statements of the ultimate holding company, outlined at note 17.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities stated net of value added tax.

**Tangible fixed assets**

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

Office equipment - between four and ten years

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Work in progress consists of all land and building project costs on property developments held for eventual resale. The cost of work in progress includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity and where applicable the cost of specific finance. Net realisable value is based on estimated selling price less the estimated cost of disposal. Profit on development sales is recognised on completion of the sale of individual properties.

**Taxation**

The charge for taxation is based on the profit for the year as adjusted for tax purposes.

**Prior year adjustment**

During the year the company adopted FRS 21 Events after the balance sheet date. In previous years proposed dividends were recorded in the financial statements and accrued as liabilities at the balance sheet date. This policy has been changed and dividends proposed are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting. Dividends paid are dealt with as a movement on retained profits. The change in accounting policy has been dealt with by way of a prior year adjustment and comparatives have been restated.

**Fixed asset investments**

These are stated at the lower of cost or directors' valuation. Provisions are made where necessary to reflect any permanent impairment in value.

**2. TURNOVER**

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

**3. STAFF COSTS**

There were no staff costs for the year ended 31 January 2006 nor for the year ended 31 January 2005.

The average monthly number of employees during the year was as follows:

	2006	2005
Executive directors	<u>3</u>	<u>3</u>

The directors are all remunerated by the parent company. All directors are accruing pension benefits under group money purchase schemes.

**DAWN DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2006**

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2006	2005
	£	£
Depreciation - owned assets	442	833
Auditors' remuneration	<u>5,500</u>	<u>5,200</u>
Directors' emoluments	<u>-</u>	<u>-</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2006	2005
	£	£
Group loan interest	54,067	216,407
Deposit account interest	<u>85,914</u>	<u>-</u>
	<u>139,981</u>	<u>216,407</u>

**6. AMOUNTS WRITTEN OFF INVESTMENTS**

	2006	2005
	£	£
Amounts written off investments	<u>-</u>	<u>265,000</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2006	2005
	£	£
Bank interest	42,628	71,655
Group loan interest	47,366	6,248
Other interest	<u>3,378</u>	<u>-</u>
	<u>93,372</u>	<u>77,903</u>

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2006	2005
	£	£
Current tax:		
UK corporation tax	203,000	382,700
Over provision in earlier years	(2,868)	(8,870)
Consortium relief payment	<u>-</u>	<u>94,300</u>
Tax on profit on ordinary activities	<u>200,132</u>	<u>468,130</u>

**DAWN DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2006**

**8. TAXATION - continued**

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2006	2005
	£	£
Profit on ordinary activities before tax	<u>3,167,969</u>	<u>1,305,795</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	950,391	391,739
Effects of:		
Amount written off investment not deductible for tax purposes	-	79,500
Investment income not taxable	(750,000)	-
Expenses not deductible for tax purposes	2,582	5,761
Capital allowances for period in excess of depreciation	27	-
Adjustment to tax charge in respect of prior period	<u>(2,868)</u>	<u>(8,870)</u>
Current tax charge	<u>200,132</u>	<u>468,130</u>

**9. PRIOR YEAR ADJUSTMENT**

Dividend proposed now treated on a paid basis.

**10. TANGIBLE FIXED ASSETS**

	Office Equipment £
<b>COST</b>	
At 1 February 2005 and 31 January 2006	<u>6,016</u>
<b>DEPRECIATION</b>	
At 1 February 2005	5,574
Charge for year	<u>442</u>
At 31 January 2006	<u>6,016</u>
<b>NET BOOK VALUE</b>	
At 31 January 2006	<u>-</u>
At 31 January 2005	<u>442</u>

**DAWN DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2006**

**11. FIXED ASSET INVESTMENTS**

	2006	2005
	£	£
Cost of shares in group undertakings	1,145,429	1,145,429
Cost of equity in joint ventures	115,650	115,600
Loans to joint ventures	<u>2,699,659</u>	<u>624,268</u>
	<u><u>3,960,738</u></u>	<u><u>1,885,297</u></u>

Additional information is as follows:

	Shares in group undertakings £	Interest in joint venture £	Totals £
<b>COST</b>			
At 1 February 2005	1,145,429	115,600	1,261,029
Additions	<u>-</u>	<u>50</u>	<u>50</u>
At 31 January 2006	<u>1,145,429</u>	<u>115,650</u>	<u>1,261,079</u>
<b>NET BOOK VALUE</b>			
At 31 January 2006	<u>1,145,429</u>	<u>115,650</u>	<u>1,261,079</u>
At 31 January 2005	<u>1,145,429</u>	<u>115,600</u>	<u>1,261,029</u>
			Loans to joint ventures £
At 1 February 2005			624,268
Additions in year			<u>2,075,391</u>
At 31 January 2006			<u><u>2,699,659</u></u>

Name of Company	Nature of business	Class of shares	% Shareholding
<b>Subsidiaries</b>			
TDI Corporation Ltd.	Developers	Ordinary	100
St. Vincent Street (379) Ltd	Developers	Ordinary	100
<b>Joint Ventures</b>			
St. Vincent Street (346) Ltd	Developers	Ordinary	50
Dawn Riverside Ltd	Developers	Ordinary	50
Earlybird (Scotland) Ltd	Developers	Ordinary	50
Northinvest Heathfield Ltd	Developers	Ordinary	50
St. Vincent Street (435) Ltd	Developers	Ordinary	50
Earlybird LLP	Developers	Ordinary	50

**DAWN DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2006**

**11. FIXED ASSET INVESTMENTS - continued**

The directors consider that the company is exempt from the obligation to prepare and deliver group accounts in accordance with s228(2) Companies Act 1985 as the company is itself a subsidiary undertaking. Accordingly the financial statements present information about the company as an individual undertaking and not as a group. Details of the parent undertakings which draw up the group financial statements are shown at note 17.

**12. STOCKS**

	2006	2005
	£	£
Work-in-progress	<u>1,912,876</u>	<u>3,752,305</u>

Work in progress comprises project costs on sites held for resale. There are no payments received to account on these balances.

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006	2005
	£	£
Trade debtors	68,163	98,774
Amounts owed by group undertakings	767,854	2,270,260
Amounts owed by participating interests	193,639	156,765
Other debtors	53,803	50
Prepayments and accrued income	<u>16,758</u>	<u>4,167</u>
	<u>1,100,217</u>	<u>2,530,016</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006	2005 as restated
	£	£
Trade creditors	153,955	139,546
Amounts owed to group undertakings	2,228,209	1,241,572
Tax	203,000	289,463
Social security and other taxes	1,783,159	9,990
Accruals and deferred income	<u>347,735</u>	<u>205,290</u>
	<u>4,716,058</u>	<u>1,885,861</u>

**15. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2006	2005
			£	£
3,000	Ordinary	£1	<u>3,000</u>	<u>3,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2006	2005
			£	£
1,100	Ordinary	£1	<u>1,100</u>	<u>1,100</u>

**DAWN DEVELOPMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 JANUARY 2006**

16. **RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1 February 2005	6,113,231	35,437	6,148,668
Prior year adjustment	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Retained profit for the year	6,613,231		6,648,668
Dividend paid	<u>2,967,837</u>	<u>-</u>	<u>2,967,837</u>
	<u>(500,000)</u>		<u>(500,000)</u>
At 31 January 2006	<u><u>9,081,068</u></u>	<u><u>35,437</u></u>	<u><u>9,116,505</u></u>

17. **ULTIMATE PARENT COMPANY**

The directors consider Pacific Shelf (1117) Limited, a company registered in Scotland, to be the ultimate holding company. The director Alan G. Macdonald held 100% of the issued share capital of this company throughout the year.

18. **CONTINGENT LIABILITIES**

(i) The company has granted guarantees without limit to the Bank of Scotland in respect of advances by way of overdraft to the company's parent and fellow subsidiaries. The total sums advanced at 31 January 2006 were £16,664,687 (2004 - £30,922,420). However at that date there were group funds in hand of £9,189,522 (2005 - £11,885,204).

(ii) The company has provided interest shortfall guarantees in respect of loan facilities advanced to the joint venture companies, St Vincent Street (346) Ltd, St Vincent Street (435) Ltd and Earlybird LLP.

19. **RELATED PARTY DISCLOSURES**

As provided within FRS 8, transactions with entities, 90% or more of whose rights are controlled within the same group are not disclosed.

The company recharged costs of £321,191(2005: £181,843) to an associated company, Western Meeting Club Limited in respect of costs recharged. The balance owed to the company at the balance sheet date is £108,001 (2005: £156,765). This company is associated by virtue of common directorships.

At the balance sheet date loan balances of £727,950 (2005: £335,700), £219,342 (2005: £128,250), £160,318 (2005: £160,318), £1,567,733 (2005: £nil) and £109,955 (2005: £nil) were owed by St. Vincent Street (346) Limited, Dawn Riverside Limited, Northinvest Heathfield Limited, St. Vincent Street (435) Limited and Earlybird LLP respectively, all joint ventures in which the company has an interest.

20. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2006 £	2005 as restated £
Profit for the financial year	2,967,837	837,665
Dividend paid	<u>(500,000)</u>	<u>(350,000)</u>
<b>Net addition to shareholders' funds</b>	2,467,837	487,665
Opening shareholders' funds (originally £6,149,768 before prior year adjustment of £500,000)	<u>6,649,768</u>	<u>6,162,103</u>
<b>Closing shareholders' funds</b>	<u><u>9,117,605</u></u>	<u><u>6,649,768</u></u>
Equity interests	<u><u>9,117,605</u></u>	<u><u>6,649,768</u></u>