



By Appointment to Her Majesty The Queen
Woodland Tree and Shrub Nurserymen

ALBA TREES plc



Directors' Report and Financial Statements

For the Year ended 31 December 2003

ALBA TREES plc

Directors' Report and Financial Statements

For the Year ended 31 December 2003

Contents	Pages
Directors' Report	1-2
Independent Auditors' Report	3
Profit and Loss Account	4
Statement of Total Recognised Gains and Losses	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the Financial Statements	8-15

Directors

P J Church
R Shearer
W A C Thomson
G A Heggie
J P Hepburne Scott

Secretary

Badger Hakim Secretaries Limited

Company Number

Registered in England No. 2188633

Registered Office

10 Dover Street
London
W1S 4LQ

Auditors

Geoghegan & Co.
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

Business Address

Lower Winton
Gladsmuir
East Lothian
EH33 2AL

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Biggart Baillie
310 St Vincent Street
Glasgow
G2 5QR

ALBA TREES plc

Directors' Report

For the Year ended 31 December 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The company produces high-quality cell-grown plants for traditional forestry and new native woodland creation as well as the landscape and conservation sectors. Trees and shrubs are sold to other nurseries for growing-on. Turnover for the year was £1,439,424 from sales of 4.6 million plants, planting machines, equipment and tree protection products.

The company provides consultancy advice to overseas nurseries using similar technology.

The high sterling exchange rate and market oversupply in Europe and Ireland have continued to frustrate the company's marketing efforts.

Results and dividends

The results for the year are set out on page 4.

The profit for the year, after taxation, amounted to £36,511. The directors do not recommend the payment of a dividend.

Future developments

The directors recognize the changing nature of UK forestry in which new planting is declining and re-stocking of felled plantations is set to increase. The company has altered its product mix accordingly.

Directors

The following directors have held office since 1 January 2003:

P J Church
Sir F M Strang Steel (Resigned 27 May 2003)
R Shearer
W A C Thomson
G A Heggie
J P Hepburne Scott

In accordance with the company's Articles of Association, WAC Thomson retires by rotation and, being eligible, offers himself for re-election.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	'A' Ordinary shares of 50p each		Ordinary shares of £1 each	
	At 31.12.2003	At 1.1.2003	At 31.12.2003	At 1.1.2003
P J Church	55	55	6,818	6,818
R Shearer	55	55	10,000	10,000
W A C Thomson	55	55	6,515	6,515
G A Heggie	—	—	1	1
J P Hepburne Scott	—	—	2,000	2,000

ALBA TREES plc

Directors' Report - continued

For the Year ended 31 December 2003

Charitable contributions

During the year the company made charitable donations of £661 (2002: £2,122).

Creditor payment policy

The company aims to pay all its suppliers within a reasonable period of their invoice being received and in any case within the supplier's own standard payment terms. The company has no formal policy relating to payment of creditors. The average number of days creditors remained outstanding in the year was 80 (2002 – 74).

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Geoghegan & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

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 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.

By order of the board

Badger Hakim Secretaries Limited
Secretary

19 April 2004

ALBA TREES plc

Independent Auditors' Report to the Shareholders of Alba Trees plc

For the Year ended 31 December 2003

We have audited the financial statements of Alba Trees plc on pages 4 to 15 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders 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 on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 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 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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GEOGHEGAN & CO.
Chartered Accountants and Registered Auditors
6 St Colme Street
Edinburgh EH3 6AD

19 April 2004

ALBA TREES plc

Profit and Loss Account

For the Year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	1,439,424	1,397,526
Cost of sales		<u>(1,033,663)</u>	<u>(1,058,668)</u>
Gross profit		405,761	338,858
Distribution costs		(263,299)	(246,203)
Administrative expenses		<u>(85,206)</u>	<u>(112,836)</u>
Operating Profit/(loss)	3	57,256	(20,181)
Other interest receivable and similar income		2,306	885
Interest payable and similar charges	4	<u>(10,609)</u>	<u>(12,804)</u>
Profit/(loss) on ordinary activities before taxation		48,953	(32,100)
Tax on Profit/(loss) on ordinary activities	5	<u>(12,442)</u>	<u>5,850</u>
Profit/(loss) on ordinary activities after taxation	16	<u>36,511</u>	<u>(26,250)</u>
Earnings per share	6	2.10p	(1.51p)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of Total Recognised Gains and Losses

For the Year ended 31 December 2003

	2003 £	2002 £
Profit/(loss) for the financial year	36,511	(26,250)
Prior year adjustment, arising from the adoption of FRS19 'Deferred Taxation'	<u>—</u>	<u>35,973</u>
Total gains and losses recognised since previous year end	<u>36,511</u>	<u>9,723</u>

ALBA TREES plc

Balance Sheet

As at 31 December 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	7		513,569		600,638
Investments	8		3,297		3,297
			<u>516,866</u>		<u>603,935</u>
Current assets					
Stocks	9	1,336,391		1,300,573	
Debtors	10	268,359		368,088	
Cash at bank and in hand		95,008		333	
		<u>1,699,758</u>		<u>1,668,994</u>	
Creditors: Amounts falling due within one year	11		<u>(277,400)</u>		<u>(339,160)</u>
Net current assets			<u>1,422,358</u>		<u>1,329,834</u>
Total assets less current liabilities			1,939,224		1,933,769
Creditors: Amounts falling due after more than one year	12		<u>(49,214)</u>		<u>(80,270)</u>
			<u>1,890,010</u>		<u>1,853,499</u>
Capital and reserves					
Called up share capital	15		1,735,512		1,735,512
Profit and loss account	16		154,498		117,987
Shareholders' funds – equity interests	17		<u>1,890,010</u>		<u>1,853,499</u>

The financial statements were approved by the Board on 19 April 2004.

PJ Church, *Director*

ALBA TREES plc

Cash Flow Statement

For the Year ended 31 December 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		240,815		95,815
Returns on investments and servicing of finance				
Interest received	2,306		885	
Interest paid	(9,256)		(11,451)	
Interest element of finance lease rentals	<u>(1,353)</u>		<u>(1,353)</u>	
Net cash outflow for returns on investments and servicing of finance		(8,303)		(11,919)
Taxation		6,955		(7,122)
Capital expenditure				
Payments to acquire tangible assets	(46,446)		(41,607)	
Receipts from sales of tangible assets	<u>—</u>		<u>3,901</u>	
Net cash outflow for capital expenditure		<u>(46,446)</u>		<u>(37,706)</u>
Net cash inflow before management of liquid resources and financing		193,021		39,068
Financing				
Capital element of hire purchase contracts	(16,920)		(31,995)	
Capital element of finance lease contracts	(14,136)		(14,136)	
Net cash outflow from financing	<u>—</u>	<u>(31,056)</u>	<u>—</u>	<u>(46,131)</u>
Increase/(decrease) in cash in the year		<u><u>161,965</u></u>		<u><u>(7,063)</u></u>

ALBA TREES plc

Notes to the Cash Flow Statement

For the Year ended 31 December 2003

	2003		2002	
1 Reconciliation of operating Profit/(loss) to net cash inflow from operating activities	£		£	
Operating Profit/(loss)	57,256		(20,181)	
Depreciation of tangible assets	133,367		143,422	
Loss/(profit) on disposal of tangible assets	148		(3,900)	
(Increase) in stocks	(35,818)		(57,916)	
Decrease in debtors	91,378		47,188	
(Decrease) in creditors within one year	<u>(5,516)</u>		<u>(12,798)</u>	
Net cash inflow from operating activities	<u><u>240,815</u></u>		<u><u>95,815</u></u>	
2 Analysis of net funds/(debt)	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
	£	£	£	£
Net cash:				
Cash at bank and in hand	333	94,675	—	95,008
Bank overdrafts	<u>(67,290)</u>	<u>67,290</u>	<u>—</u>	<u>—</u>
	<u>(66,957)</u>	<u>161,965</u>	<u>—</u>	<u>95,008</u>
Debt:				
Finance leases	<u>(111,303)</u>	<u>31,056</u>	<u>—</u>	<u>(80,247)</u>
Net (debt)/funds	<u>(178,260)</u>	<u>193,021</u>	<u>—</u>	<u>14,761</u>
3 Reconciliation of net cash flow to movement in net funds/(debt)			2003	2002
			£	£
Increase/(decrease) in cash in the year			161,965	(7,063)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>31,056</u>	<u>(15,526)</u>
Movement in net funds/(debt) in the year			193,021	(22,589)
Opening net debt			<u>(178,260)</u>	<u>(155,671)</u>
Closing net funds/(debt)			<u><u>14,761</u></u>	<u><u>(178,260)</u></u>

ALBA TREES plc

Notes to the Financial Statements

For the Year ended 31 December 2003

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land	NIL
Nursery development	3 to 25 years
Tree growing containers	3 to 5 years
Plant and office equipment	4 to 7 years
Motor vehicles	4 to 5 years

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value in the ordinary course of business.

The cost of growing stock includes direct materials, direct wages and attributable overheads based on normal level of activity.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

1.8 Deferred taxation

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.

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 against which to recover the future reversal of underlying timing differences.

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 enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

2. Turnover

Turnover is the amount attributable to the sale of trees, associated planting equipment and consultancy services and is stated net of value added tax. An analysis by geographical market is given below:

Geographical market	2003	Turnover	2002
	£		£
United Kingdom	1,404,920		1,371,263
Other European Union Countries	34,504		26,263
	<u>1,439,424</u>		<u>1,397,526</u>
	<u><u>1,439,424</u></u>		<u><u>1,397,526</u></u>
3. Operating Profit/(loss)	2003		2002
	£		£
Operating Profit/(loss) is stated after charging:			
Depreciation of tangible assets	133,367		143,422
Loss on foreign exchange transactions	–		12
Operating lease rentals			
– Plant and machinery	6,242		6,274
Auditors' remuneration	4,900		4,350
Remuneration of auditors for non-audit work	2,000		3,980
and after crediting:			
Profit on foreign exchange transactions	(178)		–
	<u>(178)</u>		<u>–</u>
	<u><u>(178)</u></u>		<u><u>–</u></u>
4. Interest payable	2003		2002
	£		£
On bank loans and overdrafts	3,875		5,748
Lease finance charges and hire purchase interest	6,734		7,056
	<u>10,609</u>		<u>12,804</u>
	<u><u>10,609</u></u>		<u><u>12,804</u></u>

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

5. Taxation	2003	2002
	£	£
Domestic current year taxation		
UK corporation tax	11,046	(7,125)
Adjustment for prior years	169	(321)
Current tax charge	<u>11,215</u>	<u>(7,446)</u>
Deferred tax		
Deferred tax charge current year	1,227	1,596
	<u>12,442</u>	<u>(5,850)</u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>48,953</u>	<u>(32,100)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002 : 19.00%)	<u>9,301</u>	<u>(6,099)</u>
Effects of:		
Non deductible expenses	337	301
Depreciation add back	22,117	23,285
Capital allowances	(20,640)	(23,872)
Adjustments to previous periods	169	(321)
Other tax adjustments	(69)	(740)
	<u>1,914</u>	<u>(1,347)</u>
Current tax charge	<u>11,215</u>	<u>(7,446)</u>
6. Earnings per share	2003	2002
	£	£
EPS – Ordinary shares of £1 each	<u>2.10p</u>	<u>(1.51)p</u>
EPS calculation based on:		
Profit/(loss) for financial year	<u>36,511</u>	<u>(26,250)</u>
	Number	Number
Ordinary shares	<u>1,735,412</u>	<u>1,735,412</u>

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

7. Tangible fixed assets

	Land	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2003	22,851	905,368	83,903	334,098	85,829	1,432,049
Additions	–	–	–	38,796	7,650	46,446
Disposals	–	(453)	(46,597)	–	–	(47,050)
	<u>–</u>	<u>(453)</u>	<u>(46,597)</u>	<u>–</u>	<u>–</u>	<u>(47,050)</u>
At 31 December 2003	<u>22,851</u>	<u>904,915</u>	<u>37,306</u>	<u>372,894</u>	<u>93,479</u>	<u>1,431,445</u>
Depreciation						
At 1 January 2003	–	551,846	59,760	182,161	37,644	831,411
On disposals	–	(305)	(46,597)	–	–	(46,902)
Charge for the year	–	52,711	11,022	50,498	19,136	133,367
	<u>–</u>	<u>52,711</u>	<u>11,022</u>	<u>50,498</u>	<u>19,136</u>	<u>133,367</u>
At 31 December 2003	<u>–</u>	<u>604,252</u>	<u>24,185</u>	<u>232,659</u>	<u>56,780</u>	<u>917,876</u>
Net book value						
At 31 December 2003	<u>22,851</u>	<u>300,663</u>	<u>13,121</u>	<u>140,235</u>	<u>36,699</u>	<u>513,569</u>
At 31 December 2002	<u>22,851</u>	<u>353,522</u>	<u>24,143</u>	<u>151,937</u>	<u>48,185</u>	<u>600,638</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and office equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2003	<u>67,831</u>	<u>25,313</u>	<u>93,144</u>
At 31 December 2002	<u>96,557</u>	<u>34,247</u>	<u>130,804</u>
Depreciation charge for the year			
31 December 2003	<u>28,726</u>	<u>8,934</u>	<u>37,660</u>
31 December 2002	<u>26,310</u>	<u>8,934</u>	<u>35,244</u>

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

8. Fixed asset investments

Cost	Unlisted investments £
At 1 January 2003 and at 31 December 2003	<u>3,297</u>

9. Stocks

	2003 £	2002 £
<i>Growing stock</i>		
Seedlings and developing trees	181,231	264,391
Saleable trees	<u>1,031,035</u>	<u>872,669</u>
	1,212,266	1,137,060
<i>Other stock</i>		
Raw materials	115,946	139,034
Bought in trees	<u>8,179</u>	<u>24,479</u>
	<u>1,336,391</u>	<u>1,300,573</u>

10. Debtors

	2003 £	2002 £
Trade debtors	234,365	325,733
Corporation tax	—	7,124
Other debtors	506	—
Prepayments and accrued income	338	854
Deferred tax asset (note 13)	<u>33,150</u>	<u>34,377</u>
	<u>268,359</u>	<u>368,088</u>

11. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	—	67,290
Net obligations under finance leases and hire purchase contracts	31,033	31,033
Trade creditors	118,703	152,757
Corporation tax	11,046	—
Other taxes and social security costs	64,720	65,608
Other creditors	134	117
Accruals and deferred income	<u>51,764</u>	<u>22,355</u>
	<u>277,400</u>	<u>339,160</u>

The Bank of Scotland holds a standard security and debenture incorporating fixed and floating charges over the assets of the company.

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

12. Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under finance leases and hire purchase contracts	49,214	80,270
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	38,991	38,992
Repayable between one and five years	62,366	101,383
	101,357	140,375
Finance charges and interest allocated to future accounting periods	(21,110)	(29,072)
	80,247	111,303
Included in liabilities falling due within one year	(31,033)	(31,033)
	49,214	80,270

13. Deferred tax	2003 £
The deferred tax asset (included in the debtors, note 10) is made up as follows:	
Balance at 1 January 2003	(34,377)
Profit and loss account	1,227
Balance at 31 December 2003	(33,150)

	2003 £	2002 £
Capital allowances timing differences	(33,150)	(34,377)

Based on future projections and plans it is considered more than likely that there will be suitable taxable profits against which to recover the capital allowances timing differences currently reflected as a deferred tax asset.

14. Pension costs	2003 £	2002 £
Defined contribution		
Contributions payable by the company for the year	11,860	11,458

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

15. Share capital	2003	2002
	£	£
Authorised		
300 'A' ordinary shares of 50p each	150	150
2,199,850 Ordinary shares of £1 each	2,199,850	2,199,850
	<u>2,200,000</u>	<u>2,200,000</u>
Allotted, called up and fully paid		
200 'A' ordinary shares of 50p each	100	100
1,735,412 Ordinary shares of £1 each	1,735,412	1,735,412
	<u>1,735,512</u>	<u>1,735,512</u>

The 'A' ordinary shares which are held by the directors confer in total 0.1% of voting rights, dividend rights and rights to the distribution of surplus assets on a winding up of the company, pro rata to their respective holdings of 'A' ordinary shares. The balance of 99.9% of such rights are conferred to the holders of the ordinary shares pro rata to their respective holdings in the ordinary shares.

16. Statement of movements on profit and loss account	Profit and loss account
	£
Balance at 1 January 2003	117,987
Retained profit for the year	36,511
Balance at 31 December 2003	<u>154,498</u>

17. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Opening shareholders' funds	1,853,499	1,843,776
Adoption of FRS 19 (note 13)	—	35,973
As restated	1,853,499	1,879,749
Profit/(Loss) for the financial year	36,511	(26,250)
Closing shareholders' funds	<u>1,890,010</u>	<u>1,853,499</u>

18. Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003	2002
	£	£
Expiry date:		
Within one year	<u>3,955</u>	<u>3,955</u>

ALBA TREES plc

Notes to the Financial Statements - continued

For the Year ended 31 December 2003

19. Directors' emoluments	2003	2002
	£	£
Fees – non-executive	6,000	9,500
Emoluments for qualifying services	82,916	82,030
Company pension contributions to money purchase schemes	6,499	6,341
Sums paid to third parties for directors' services	15,000	25,000
	<u>110,415</u>	<u>122,871</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 – 2).

PJ Church is a partner in the firm of PJ & CAB Church who charge the company for his services as consultant. The total amount paid under this agreement during the year was £10,000 (2002 – £20,000).

Fees totalling £5,000 (2002 – £5,000) were paid to Private Investors Monitoring Services Limited for the services of GA Heggie as a non-executive director. GA Heggie is a shareholder and director of Private Investors Monitoring Services Limited.

20. Transactions with directors

Tree growing containers to the value of £502 (2002 – £8,139) were purchased in the ordinary course of business and at normal market prices from Ronaash Limited, a company of which PJ Church is a shareholder. At 31st December 2003 the balance due to Ronaash Limited was £61 (2002 – £nil).

Secretarial and registration fees totalling £2,082 (2002 – £821) were paid to Badger Hakim Secretaries Limited, a company in which GA Heggie is a shareholder and director. At 31 December 2003 the balance due to Badger Hakim Secretaries Ltd was £1,684 (2002 – £200).

21. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003	2002
	Number	Number
Executive directors	2	2
Production and sales	30	29
Administration	2	2
	<u>34</u>	<u>33</u>
	<u>34</u>	<u>33</u>
Employment costs	£	£
Wages and salaries	579,996	578,430
Social security costs	35,157	32,469
Other pension costs	11,860	11,458
	<u>627,013</u>	<u>622,357</u>

ALBA TREES plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ANNUAL GENERAL MEETING of the company will be held at The Nursery, Lower Winton, Gladsmuir, East Lothian at 11.30 am on Tuesday 1st June 2004 for the transaction of the following business:

ORDINARY BUSINESS

To approve the following resolutions, which will be proposed as Ordinary Resolutions:

1. To receive and consider the Directors' Report and Accounts for the year ended 31 December, 2003.
2. To re-appoint Geoghegan & Co., Chartered Accountants, 6 St Colme Street, Edinburgh as Auditors in accordance with Section 384 of the Companies Act 1985, to hold office from the conclusion of the meeting until the conclusion of the next General Meeting at which accounts are laid before the members.
3. To authorise the directors to fix the remuneration of the auditors.
4. To re-elect W A C Thomson as a director.
5. To approve the establishment by the Company of a Company Share Option Plan in terms of the Scheme Rules submitted to the meeting and for the purposes of identification signed by the Chairman, subject to the directors having power to make such amendments thereto as are required to enable the Scheme Rules to be given formal approval from HM Inland Revenue."

By Order of the Board

BADGER HAKIM SECRETARIES LTD
Secretary

Registered Office:

10 Dover Street,
LONDON W1S 4LQ

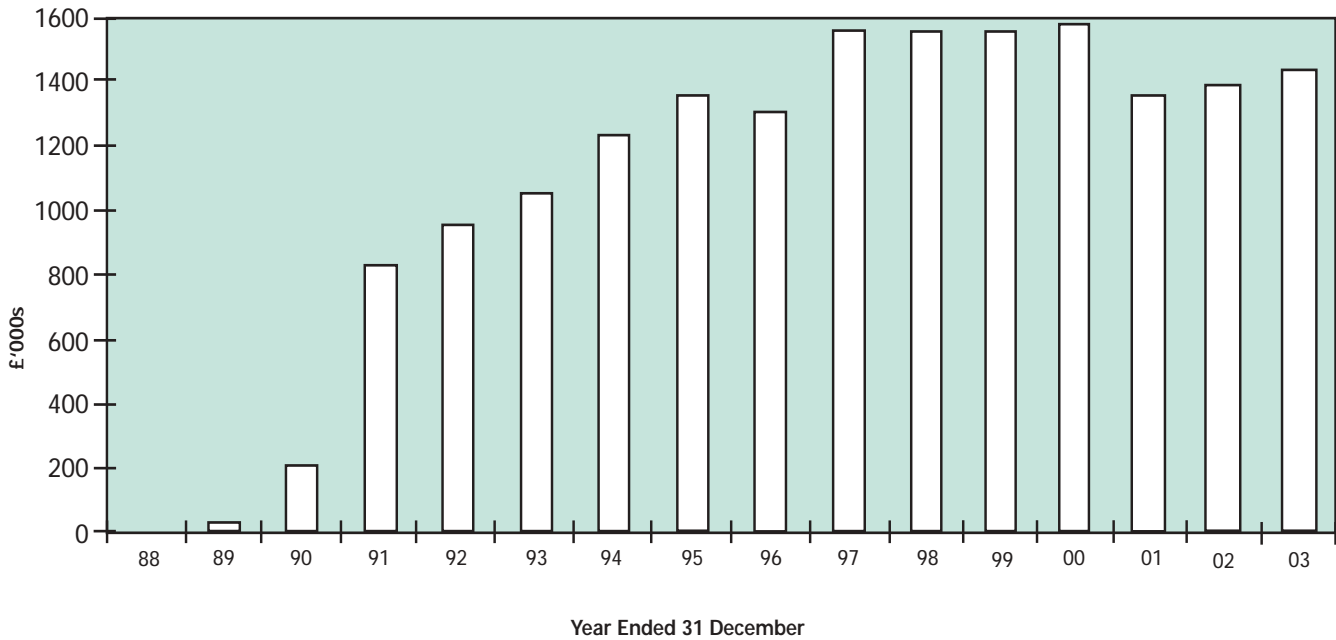
Dated this 19 April 2004

NOTE:

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member. A form of proxy is enclosed.

ANNUAL STATISTICS

ALBA TREES Annual Turnover



UK Grant Aided Forestry Planting (Private Sector) (Source: Forestry Commission)

