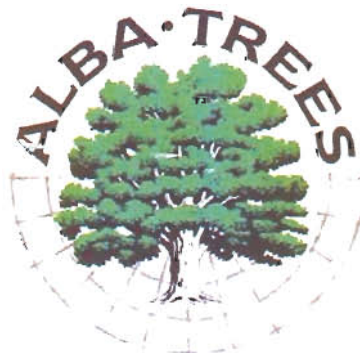




By Appointment to Her Majesty The Queen
Woodland Tree and Shrub Nurserymen

ALBA TREES plc



Directors' Report and Financial Statements
For the 8 month period ended 31 August 2005

ALBA TREES PLC

COMPANY INFORMATION

Directors	P J Church R Shearer M D Clarke G A Heggie J P Hepburne Scott B Sutton W A C Thomson
Secretary	Badger Hakim Secretaries Ltd
Company number	2188633
Registered office	10 Dover Street London W1S 4LQ
Auditors	Geoghegan & Co 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
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA



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

Alba Trees plc

Lower Winton
Gladsmuir

East Lothian EH33 2AL

Tel: 01620 825058 Fax: 01620 825316
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CHAIRMAN'S LETTER 2006

Dear Shareholder,

I am pleased to report a profit of £76,250 for the 8 month period to August 31st 2005 from a turnover of £1,129,694. This result reflects the sale of 4.1 million plants, planting machines and associated products and is in direct proportion to the previous 12 month period.

In normal circumstance the directors would have recommended the payment of a dividend however due to events since the balance sheet date and subsequent costs it has been decided not to recommend the payment of a dividend for the period.

During the 8 month period the company has achieved continued strong sales growth for home grown plants and plant protection products. Trees for commercial re-stock sites and reeds for water treatment have been particularly successful. We won significant contracts with English Nature and Coillte Teoranta, the Irish state forestry company, both of which have been renewed at the time of writing. However trading conditions remain tough, particularly in the grant-aided private forestry and local authority sectors and the company will continue to develop new products for a changing market.

Following the recent acquisition of a controlling interest in the Company by Buccleuch Ventures, I am pleased to report that we have been warmly welcomed by all members of the Buccleuch Group and joint teams have already started working closely together in forestry and land management. Our core business of growing and supplying plants therefore will carry on as usual but with renewed vigour. As mentioned previously Michael Clarke, chief executive of the Buccleuch Group, has joined our Board. His considerable experience and knowledge have already been of assistance to our executive team.

Bill Thomson and George Heggie, original founder directors, have intimated they intend to retire from the Board after the forthcoming AGM. Their experience and support over the years has been invaluable. I am therefore extremely grateful for their commitment and loyal service, which has seen the company reach the not inconsiderable total of 75 million plants despatched since 1989.

Finally I must thank the executive team and each member of staff for their contribution to the period's successful result, and their continued dedication under the changing circumstances.

P.J.Church
Chairman

09 February 2006

ALBA TREES PLC

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ALBA TREES PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2005

The directors present their report and financial statements for the period ended 31 August 2005.

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 eight month financial period was £1,129,694 from sales of 4.1million plants, planting machines, equipment and tree protection products. The company provides consultancy advice to overseas nurseries using similar technology.

Results and dividends

The results for the period are set out on page 5.

The profit for the eight month financial period, after taxation, amounted to £76,250 . The directors declared a final ordinary dividend amounting to £34,708 (see note 18 to the financial statements). The retained profit amounting to £41,542 (2004 - £118,004) was transferred to reserves.

Events since the Balance Sheet date

Following a recommended cash offer for the entire issued share capital of the company Buccleuch Ventures Limited currently now holds 59% of the company's shares giving it a controlling interest in the company. Value Investments Limited is now another substantial shareholder with 22.65% of the company's shares (percentages' as recorded by the company's registrar at 19 December 2005).

Future developments

The directors recognise the changing nature of UK forestry in which new planting is declining and re-stocking of felled plantations is set to increase. The company is altering its product mix accordingly and is developing new products for the changing market.

Directors

The following directors have held office since 1 January 2005:

P J Church

R Shearer

M D Clarke

(Appointed 7 November 2005)

G A Heggie

J P Hepburne Scott

B Sutton

W A C Thomson

M D Clarke, having been appointed a director since the last annual general meeting, retires in accordance with the Articles of Association and, being eligible, offers himself for re-election. In accordance with the Articles of Association, J P Hepburne Scott retires by rotation and , being eligible, offers himself for re-election.

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

Directors' interests

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

	'A' Ordinary shares of 50p each	
	31 August 2005	1 January 2005
P J Church	55	55
R Shearer	55	55
G A Heggie	-	-
J P Hepburne Scott	-	-
B Sutton	-	-
W A C Thomson	55	55

	Ordinary shares of £ 1 each	
	31 August 2005	1 January 2005
P J Church	16,818	16,818
R Shearer	10,000	10,000
G A Heggie	1	1
J P Hepburne Scott	2,000	2,000
B Sutton	2,000	2,000
W A C Thomson	6,515	6,515

Subsequent to the period end all the above directors sold their shareholdings to Buccleuch Ventures Limited.

Charitable donations	2005	2004
	£	£

During the period the company made the following payments:

Charitable donations	452	1,431
----------------------	-----	-------

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. On average, trade creditors at the year end represented 50 (2004 - 55) days' purchases.

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.

ALBA TREES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable 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 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.

By order of the board

Badger Hakim Secretaries Ltd

Secretary

19 December 2005

ALBA TREES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALBA TREES PLC

We have audited the financial statements of Alba Trees plc for the period ended 31 August 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Gains and Losses and the related notes. 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 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 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 the 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 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 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 August 2005 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Geoghegan & Co

19 December 2005

Chartered Accountants

Registered Auditor

6 St Colme Street
Edinburgh
EH3 6AD

ALBA TREES PLC

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2005

		Period ended 31 August 2005	Year ended 31 December 2004 as restated (see note 18)
	Notes	£	£
Turnover	2	1,129,694	1,590,582
Cost of sales		(748,242)	(1,032,856)
Gross profit		381,452	557,726
Distribution costs		(215,301)	(310,208)
Administrative expenses		(68,896)	(92,605)
Operating profit	3	97,255	154,913
Other interest receivable and similar income		5,362	3,672
Interest payable and similar charges	4	(7,315)	(11,301)
Profit on ordinary activities before taxation		95,302	147,284
Tax on profit on ordinary activities	5	(19,052)	(29,280)
Profit on ordinary activities after taxation		76,250	118,004
Dividends	6	(34,708)	-
Retained profit for the period	17	41,542	118,004
Earnings per share	7	4.39 p	6.80 p

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

ALBA TREES PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 AUGUST 2005

	Period ended 31 August 2005 £	Year ended 31 December 2004 £
Profit for the financial period	76,250	118,004
Prior year adjustment (note 18)	34,708	-
Total gains and losses recognised since last financial statements	<u>110,958</u>	<u>118,004</u>

ALBA TREES PLC

BALANCE SHEET AS AT 31 AUGUST 2005

		2005		2004 as restated (see note 18)	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		418,734		447,175
Investments	9		3,297		3,297
			<u>422,031</u>		<u>450,472</u>
Current assets					
Stocks	10	1,507,937		1,411,870	
Debtors	11	211,119		344,388	
Cash at bank and in hand		173,349		109,891	
		<u>1,892,405</u>		<u>1,866,149</u>	
Creditors: amounts falling due within one year	12	<u>(251,921)</u>		<u>(277,114)</u>	
Net current assets			<u>1,640,484</u>		<u>1,589,035</u>
Total assets less current liabilities			<u>2,062,515</u>		<u>2,039,507</u>
Creditors: amounts falling due after more than one year	13		(12,959)		(31,493)
			<u>2,049,556</u>		<u>2,008,014</u>
Capital and reserves					
Called up share capital	16	1,735,512		1,735,512	
Profit and loss account	17	314,044		272,502	
Shareholders' funds - equity interests	18	<u>2,049,556</u>		<u>2,008,014</u>	

The financial statements were approved by the Board on 19 December 2005

P J Church
Director

ALBA TREES PLC

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2005

	Period ended 31 August 2005	Year ended 31 December 2004
	£	£
Net cash inflow from operating activities	178,903	113,389
Returns on investments and servicing of finance		
Interest received	5,362	3,672
Interest paid	(4,753)	(9,492)
Interest element of finance lease rentals	(2,562)	(1,809)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	(1,953)	(7,629)
Taxation	-	(11,142)
Capital expenditure		
Payments to acquire tangible assets	(54,141)	(48,967)
Receipts from sales of tangible assets	-	6,600
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	(54,141)	(42,367)
Equity dividends paid	(34,708)	-
	<u> </u>	<u> </u>
Net cash inflow before management of liquid resources and financing	88,101	52,251
Financing		
Capital element of hire purchase contracts	(13,022)	(21,032)
Capital element of finance lease contracts	(11,621)	(16,336)
	<u> </u>	<u> </u>
Net cash outflow from financing	(24,643)	(37,368)
Increase in cash in the period	<u>63,458</u>	<u>14,883</u>

ALBA TREES PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2005

1	Reconciliation of operating profit to net cash inflow from operating activities		2005	2004	
			£	£	
	Operating profit		97,255	154,913	
	Depreciation of tangible assets		82,582	136,786	
	Profit on disposal of tangible assets		-	(2,447)	
	(Increase) in stocks		(96,067)	(75,479)	
	Decrease/(increase) in debtors		131,621	(74,353)	
	(Decrease) in creditors within one year		(36,488)	(26,031)	
	Net cash inflow from operating activities		<u>178,903</u>	<u>113,389</u>	
2	Analysis of net funds	1 January 2005	Cash flow	Other non-cash changes	31 August 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	109,891	63,458	-	173,349
	Debt:				
	Finance leases	(68,457)	24,643	-	(43,814)
	Net funds	<u>41,434</u>	<u>88,101</u>	<u>-</u>	<u>129,535</u>
3	Reconciliation of net cash flow to movement in net funds		2005	2004	
			£	£	
	Increase in cash in the period		63,458	14,883	
	Cash outflow from decrease in debt and lease financing		24,643	37,368	
	Change in net debt resulting from cash flows		88,101	52,251	
	New finance lease and hire purchase contracts		-	(25,578)	
	Movement in net funds in the period		<u>88,101</u>	<u>26,673</u>	
	Opening net funds		41,434	14,761	
	Closing net funds		<u>129,535</u>	<u>41,434</u>	

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2005

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 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 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 10 years
Plant & office equipment	4 to 7 years
Motor vehicles	4 and 5 years

1.5 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

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

1.7 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.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with FRS 17.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

1 Accounting policies (continued)

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

1.10 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.

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

	Turnover	
	2005	2004
	£	£
United Kingdom	1,123,492	1,487,259
Other European Union Countries	6,202	103,323
	1,129,694	1,590,582
	1,129,694	1,590,582

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	82,582	136,786
Loss on foreign exchange transactions	-	514
Auditors' remuneration	5,500	5,000
Remuneration of auditors for non-audit work	2,250	2,000
and after crediting:		
Profit on disposal of tangible assets	-	(2,447)
	-	(2,447)
	-	(2,447)

4 Interest payable

	2005	2004
	£	£
On bank loans and overdrafts	1,980	3,433
Lease finance charges and hire purchase interest	5,335	7,868
	7,315	11,301
	7,315	11,301

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

5	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	17,289	30,860
	Adjustment for prior years	115	96
		<hr/>	<hr/>
	Current tax charge	17,404	30,956
	Deferred tax		
	Deferred tax charge/credit current year	1,648	(1,676)
		<hr/>	<hr/>
		19,052	29,280
		<hr/> <hr/>	<hr/> <hr/>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before taxation	95,302	147,284
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 19.00%)	18,107	27,984
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	691	342
	Depreciation add back	13,266	22,400
	Capital allowances	(14,775)	(19,401)
	Adjustments to previous periods	115	96
	Other tax adjustments	-	(465)
		<hr/>	<hr/>
		(703)	2,972
		<hr/>	<hr/>
	Current tax charge	17,404	30,956
		<hr/> <hr/>	<hr/> <hr/>
6	Dividends	2005 £	2004 £
	Ordinary final paid (see note 18)	34,708	-
		<hr/> <hr/>	<hr/> <hr/>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

7	Earnings per share	2005 £	2004 £
	EPS - Ordinary shares of £1 each	<u>4.39 p</u>	<u>6.80 p</u>
	EPS calculation based on:		
	Profit for financial period/year	<u>76,250</u>	<u>118,004</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 PERIOD ENDED 31 AUGUST 2005

8 Tangible fixed assets

	Land	Nursery development	Tree growing containers	Plant and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2005	22,851	891,093	61,471	339,344	91,160	1,405,919
Additions	-	10,000	39,222	4,919	-	54,141
Disposals	-	(99,348)	(11,646)	(34,470)	-	(145,464)
At 31 August 2005	22,851	801,745	89,047	309,793	91,160	1,314,596
Depreciation						
At 1 January 2005	-	636,977	39,271	221,112	61,384	958,744
Charge for the period	-	21,065	14,356	36,608	10,553	82,582
On disposals	-	(99,348)	(11,646)	(34,470)	-	(145,464)
At 31 August 2005	-	558,694	41,981	223,250	71,937	895,862
Net book value						
At 31 August 2005	22,851	243,051	47,066	86,543	19,223	418,734
At 31 December 2004	22,851	254,116	22,200	120,897	27,111	447,175

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 August 2005	30,923	20,135	51,058
At 31 December 2004	50,098	26,178	76,276
Depreciation charge for the period			
At 31 August 2005	17,094	8,019	25,113
At 31 December 2004	30,651	11,512	42,163

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

9 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2005 & at 31 August 2005	3,297
Net book value	
At 31 August 2005	<u>3,297</u>
At 31 December 2004	<u>3,297</u>

10 Stocks	2005 £	2004 £
Raw materials and consumables	1,251,029	1,043,856
Finished goods and goods for resale	256,908	368,014
	<u>1,507,937</u>	<u>1,411,870</u>

11 Debtors	2005 £	2004 £
Trade debtors	171,844	309,562
Other debtors	5,624	-
Prepayments and accrued income	473	-
Deferred tax asset (see note 14)	33,178	34,826
	<u>211,119</u>	<u>344,388</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

12 Creditors: amounts falling due within one year	2005	2004 as restated (see note 18)
	£	£
Net obligations under finance leases and hire purchase contracts	30,855	36,964
Trade creditors	99,600	100,476
Corporation tax	48,264	30,860
Other taxes and social security costs	11,279	59,086
Other creditors	16,673	151
Accruals and deferred income	45,250	49,577
	<u>251,921</u>	<u>277,114</u>

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

13 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Net obligations under finance leases and hire purchase contracts	<u>12,959</u>	<u>31,493</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	38,981	46,094
Repayable between one and five years	15,839	39,455
	<u>54,820</u>	<u>85,549</u>
Finance charges and interest allocated to future accounting periods	(11,006)	(17,092)
	<u>43,814</u>	<u>68,457</u>
Included in liabilities falling due within one year	(30,855)	(36,964)
	<u>12,959</u>	<u>31,493</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

14 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 11) is made up as follows:

	2005 £
Balance at 1 January 2005	(34,826)
Profit and loss account	1,648
	<hr/>
Balance at 31 August 2005	<u>(33,178)</u>

	2005 £	2004 £
Decelerated capital allowances	<u>(33,178)</u>	<u>(34,826)</u>

15 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the period	<u>7,840</u>	<u>12,549</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

16 Share capital	2005	2004
	£	£
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 were 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.

17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005 as previously reported	237,794
Prior year adjustment (note 18)	34,708
	<u>272,502</u>
Balance at 1 January 2005 as restated	272,502
Retained profit for the period	41,542
	<u>314,044</u>

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

18 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial period	76,250	118,004
Dividends	(34,708)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	41,542	118,004
Opening shareholders' funds	2,008,014	1,890,010
	<hr/>	<hr/>
Closing shareholders' funds	2,049,556	2,008,014
	<hr/> <hr/>	<hr/> <hr/>

Opening shareholders' funds were originally £1,973,306 before adding prior year adjustments of £34,708.

Financial Reporting Standard 21 'Events After the Balance Sheet Date' now no longer allows proposed dividends to be recognised as a liability at the balance sheet date. The proposed dividend of £34,708 previously recognised as a liability at 31 December 2004 has therefore been restated and reflected as a current period transaction in line with its authorised declaration.

19 Directors' emoluments	2005	2004
	£	£
Emoluments for qualifying services	105,808	104,623
Fees - Non executive	2,000	2,916
Company pension contributions to money purchase schemes	6,151	6,758
Sums paid to third parties for directors' services	9,166	15,000
	<hr/>	<hr/>
	123,125	129,297
	<hr/> <hr/>	<hr/> <hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2004- 2).

P J Church is a partner in the firm of PJ & CAB Church who charge the company for his services as a consultant. The total amount paid under this agreement during the period was £ 6,666 (2004-£10,000).

Fees totalling £2,500 (2004-£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. At 31 August 2005 the balance due to Private Investors Monitoring Services Limited was £ nil.

20 Transactions with directors

Tree growing containers to the value of £11,647 (2004-£28,567) were purchased in the ordinary course of business and at normal market prices from Ronaash Ltd, a company of which PJ Church is a shareholder. At 31 August 2005 the balance due to Ronaash Ltd was £ nil (2004-£58).

Secretarial fees totalling £ 400 (2004-£838) were paid to Badger Hakim Secretaries Limited, a company in which GA Heggie is a shareholder and director. At 31 August 2005 the balance due to Badger Hakim Secretaries Ltd was £ nil (2004-£215).

ALBA TREES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

21 Employees

Number of employees

The average monthly number of employees (including directors but excluding contract labour) during the period was:

	2005 Number	2004 Number
Executive directors	3	2
Production and sales	26	26
Administration	2	2
	<hr/> 31	<hr/> 30
	<hr/> <hr/>	<hr/> <hr/>
Employment costs		
	£	£
Wages and salaries	322,565	409,108
Social security costs	27,888	34,926
Other pension costs	8,030	12,549
	<hr/> 358,483	<hr/> 456,583
Contract labour	196,854	230,199
	<hr/> 555,337	<hr/> 686,782
	<hr/> <hr/>	<hr/> <hr/>

22 Control

In the opinion of the directors, there was no ultimate controlling party as at the period end.

Since the period end Buccleuch Ventures Limited (a subsidiary of The Buccleuch Estates Limited) acquired 59% of the ordinary share capital of the company giving it a controlling interest over the company.

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 Thursday 16th March 2006 for 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 8 month period ended 31st August 2005.
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 M Clarke as a director.
5. To re-elect J P Hepburne Scott as a director.

By Order of the Board

BADGER HAKIM SECRETARIES LTD
Secretary

Registered Office: 10 Dover Street. LONDON, W1S 4LQ

Dated 9th February 2006

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.