



DUTHIE & PATTISON HOLDINGS LIMITED

Annual Report and Unaudited Financial Statements

For the year ended 30 April 2012

Contents

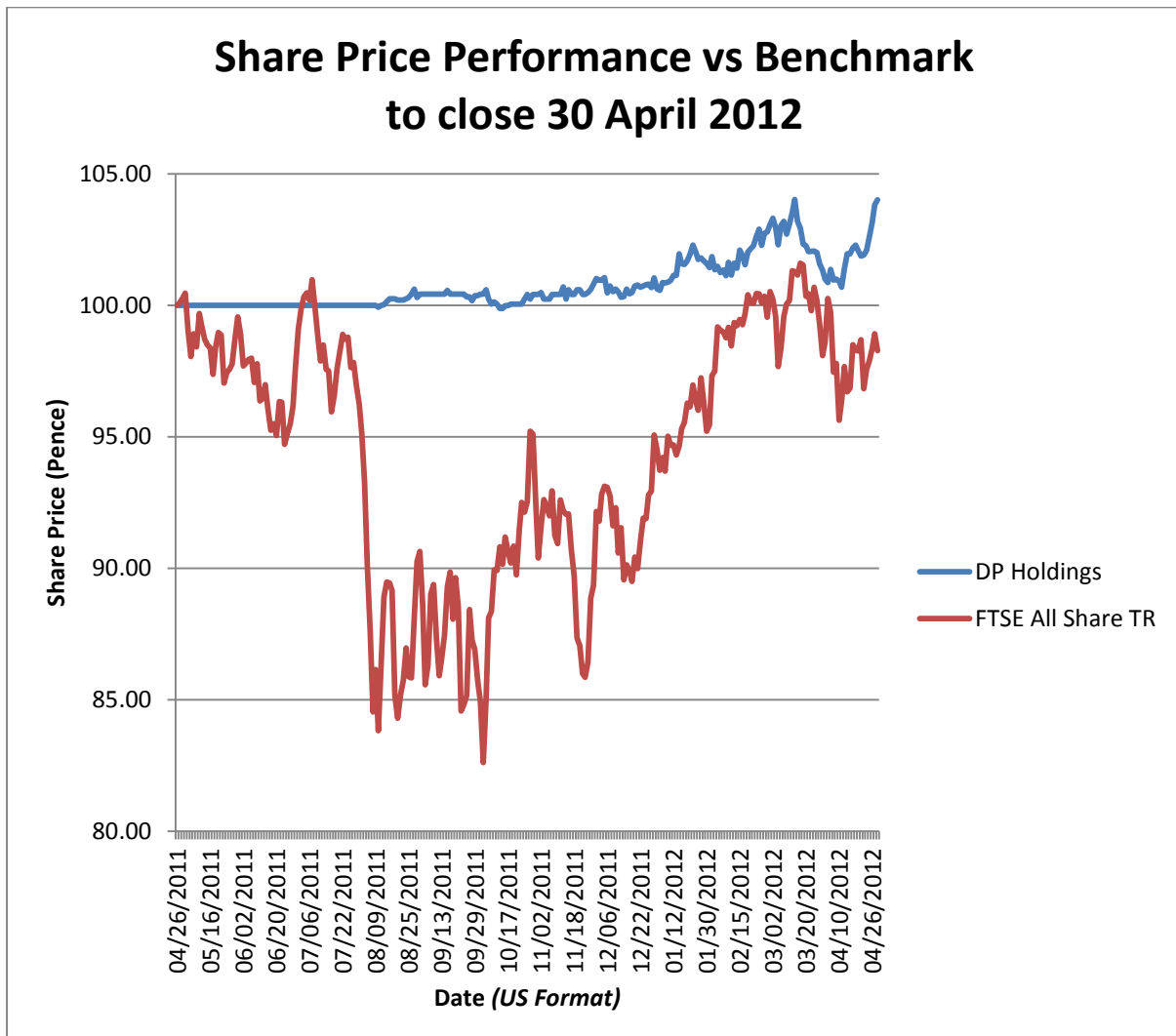
Management and Administration.....	2
Highlights	3
Report of the Directors	4
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity.....	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

Management and Administration

Directors	David Pattison George Duthie	
Trading Address	The Meridian 4 Copthall House Station Square Coventry CV1 2FL	
Registered Office	Blue Square House 272 Bath Street Glasgow G2 4JR	
Sole Broker	Jarvis Investment Management Ltd 78 Mount Ephraim Tunbridge Wells Kent TN4 8BS	
Custodian	HSBC Plc 130 New Street Birmingham West Midlands B2 4JU	Registered Office: 8 Canada Square London E14 5HQ

Highlights

- **Outperformed benchmark by 6.42%** (target 1%); Company performance was +4.25% whilst the FTSE All Share Index returned -2.18% on a total return (TR) basis.
- **Underlying overall investment return of +12.66%** on share capital invested.
- Five investments made from 964 companies analysed during the year, no shares sold.
- 34.39% of share capital invested, leaving 65.61% in cash.
- The Company's management continues to actively seek compelling value investment opportunities within the UK equity markets.



Report of the Directors

Incorporation

The Company was incorporated on 26 April 2011 as a private limited holdings company by shares.

Principal activities

The Company is a holdings company registered in Scotland established to provide shareholders with an attractive total return, which is expected to comprise solely of capital growth. The Company will achieve this through the investment in a concentrated portfolio of undervalued companies as determined by fundamental analysis which are expected to be predominantly listed on UK equity markets.

Business review

We are pleased to present the maiden annual report of Duthie & Pattison Holdings Limited (“the Company”) for the year to 30 April 2012. The Company’s share price increased by 4.25% over the period, outperforming our benchmark (the FTSE All-Share Total Return Index) by 6.42% and comfortably exceeding the Company’s aim to outperform the benchmark by at least 1%. We view this as a very encouraging start to the Company’s life which is still in its early stages having invested less than half of the share capital available to us. While formal company research began in late September, we first identified Haynes Publishing in July which we were interested in investing in because of its competitive advantage, high free cash flow, low price to book value and consistent dividend record. We took advantage of the market-wide write down in early August and made our first investment in this listed company (illustrated by the performance chart on the previous page). Since then we have analysed 964 companies and made four more investments which are detailed below along with Haynes and two privately held, wholly owned subsidiaries.

As you can see, our investment to research ratio is very low and this reflects the overvalued nature of the majority of the companies we have analysed and businesses which we feel are difficult to understand or are too speculative to invest in. Typically less than 10% of the companies we look at every month are worthy of further investigation. Many of the businesses we have looked at are very successful and while we do not doubt they will continue to be so, their success is often fully reflected in the asking price. Occasionally we find companies that are trading close to their intrinsic value but without a sufficient enough margin of safety to compensate us. We keep these companies on file and check them from time to time in case the price drops an adequate amount to warrant our investment – unless of course the fundamentals change radically for the worse.

Looking ahead we will continue to seek compelling value investment opportunities which we are much more confident of finding as we move into the sub £50 million market capitalisation set of companies. These smaller companies are generally easier to analyse and are more likely to be priced incorrectly as broker and analyst coverage is significantly more limited.

Beazley Plc

Beazley is a specialist insurance company. It specialises in the insurance of six segments: life, accident and health; personal accident and sports risks; marine; political risks and contingency; property and reinsurance. The first thing that caught our attention was the financials.

Report of the Directors (continued)

Beazley Plc (continued)

The price to earnings was 10.6 in November 2011 when we began analysing the company. The price to book was 0.99. After calculating that the intrinsic value was 355.5p/share compared to the 131.6p/share for book value, this assured us of its financial steadiness and worthiness for investment. With so much free cash, it is assumed that they would be prepared for any sort of disasters that they may encounter.

On the 2nd of December 2011 (just a couple of weeks after we purchased their shares) Beazley won the “Company of the Year” award and the co-founder of Beazley accepted the “Industry Achiever of the Year” award at the Insurance Day London Market Awards’ ceremony in London. Richard Banks, Editor of Insurance Day said that “Beazley is a stand-out business with a great underwriting performance and a strong focus on developing staff”.

Dart Group Plc

Dart Group consists of two main businesses: Jet2.com, a low-cost airline which commands the majority of revenue of the group, Jet2holidays, an ATOL protected package holiday provider, and Fowler and Welch, a food distributor. Although it is true that the airline industry has been in aggregate loss-making since inception due to chronic overcapacity this has not been the case for low cost airlines as demonstrated by the likes of Ryanair, EasyJet and jet2.com – the latter of which has been profitable for the past decade. Based in Leeds, Jet2.com differentiates itself from the competition by only serving airports in Northern England and Scotland instead of providing nationwide coverage where it is able to consistently offer the best prices for customers on the niche routes it serves. Jet2holidays adds value to Jet2.com by cross-selling products where it has directly contracted over 800 hotels to provide best value to customers. Meanwhile Fowler Welch specialises in the distribution of chilled and ambient foods to leading supermarkets (such as ASDA and Tesco) mostly through a new distribution centre based north of Manchester. Dart Group has also received industry recognition for its customer service; Jet2.com won the Best Short Haul Airline at the Globe Travel Awards 2012 and Fowler Welch was awarded Primary Carrier of The Year by ASDA.

On the valuation side, management is credible with managing director Philip Meeson currently holding 39% of total shares in the group which helps in giving us confidence that the company will be run with shareholder’s interests at the forefront. As deposits for flight bookings are received in advance of departure this provides a free source of working capital which has resulted in a large increase in cash held at the bank from £11.8m in 2009 to £98.3m in 2011. This excess cash balance means the Group can operate with very little financing arrangements and helps to offset any future cash flow risk. One of the major risks to the aviation side of the business are oil prices and management has prudently sought to reduce this risk by using future contracts to hedge its forecasted fuel prices up to three years in advance which should help to mitigate any sudden, sharp increases. We estimate the intrinsic value of Dart Group to be 100p/share with a book value of 103p/share.

Report of the Directors (continued)

David Pattison Engineering Limited

DP Engineering provides general engineering consultancy services. It holds a 90% share in a golf product it is developing to help beginners and older players keep track of their scores. The prototype is complete and it is currently consulting the University of Strathclyde's Enterprise Network on the best way to bring the product to market. The company was acquired on 3 May 2011 for £ 1.00.

DP Tutoring Ltd

DP Tutoring represents a group of students which offer a professional and friendly private tuition service in the Glasgow area for SQA Standard Grade, Intermediate and up to Advanced Higher level subjects. Although the business has been operating for less than a year it is expected to be profitable at its year end and is expected to begin paying dividends to the Company within 2 to 3 years (once borrowings have been paid off). The company was acquired on 4 July 2011 for £ 1.00.

Haynes Publishing Group Plc

Haynes is a car maintenance manual publisher. Hayne's competitive advantage stems from the lack of competition in its specialist publishing field and its reputation – often recognised as the 'holy grail' of maintenance manuals amongst DIY enthusiasts. With years of knowledge in the business it is also hard for any newcomer to build up a repertoire equal to the amount done in the past by Haynes. With its recent acquisition of BV Holdings, they are now trialling and developing an online manual in America (with colour photographs and videos) which should ward off any threats of competition from online bulletin boards or video sites. This provides new opportunities for growth. The digitisation of the manuals are progressing well with the top 50 US automotive repair manuals now available for sale with similar plans for UK titles. The Group also sees growth opportunities in Brazil and China in the years ahead especially with China now producing one in four of all new road vehicles.

In terms of operating performance, revenues and operating profits have remained consistent over the past five years. The dividend per share has stood at 15.5p for the past five years giving us confidence in the business stability: at the purchase price this represents a yield of approximately 7%.

The company has no debt, is sitting on £3.8 million of cash and has strong operating cash flow. This again, indicates that the dividend should be maintained. Causes for concern come from the company's pension benefit obligations at £14 million. However, with the strong operating results and management's willingness to dispose of loss making operations (France) and realistic growth opportunities, it is likely these obligations will eventually be met. We estimate the company's intrinsic value to be £50 million which is roughly equivalent to 300p/share. Its book value per share is roughly equivalent to 250p/share making the business attractively valued.

Shaft Sinkers Holdings Plc

Shaft Sinkers specialises in the niche industry of sinking particularly deep vertical shafts for further development by mainly mining clients in South Africa since 1961. Having floated on the stock

Report of the Directors (continued)

Shaft Sinkers Holdings Plc (continued)

market at the end of 2010, we would not normally consider a business listed for investment as recently as this since we require at least five years of financial data for analysis. However at first glance the price of the shares were low in relation to earnings and tangible net assets and since the company also returned cash to shareholders, a sign of good corporate financial management, this warranted further investigation.

The specialist nature of the industry requires a proven operating record, skilled personnel and specialised equipment helping to create strong barriers to entry for new competitors. As noted in the prospectus, only a few of the company's rivals can sink shafts to a depth of more than one kilometre. One of the risks typically associated with the mining industry is highly volatile nature of metals prices which is why we stayed away from investing in the mining industry in the past as their share price and earnings tend to reflect this. This contrasts significantly with the nature of mine construction as these are typically long term projects lasting upwards of three years and production is rarely stopped once costs have been sunk (no pun intended). We believe this shields Shaft Sinkers from any short-term fluctuation in metal prices so much as they can be effectively ignored. Another long-term trend in the Company's favour is the depletion of surface and shallow mineral deposits which it is hoped will lead to an increase in demand for shafts capable of accessing deeper ore deposits.

The reasons for the low price of the shares was mainly attributed to the potential loss of a contract with the Russian potash developer EuroChem at the end of 2011 which represented approximately a third of the committed order book at the time (approximately £300 million) and a lack of any recently awarded new contracts to make up for any shortfalls in revenues. However from the trading statement in February the Company stated it has nine outstanding tenders worth over £1 billion in total so if even a few of these are awarded, which we deem to be likely, the Company will easily make up lost revenues from the EuroChem contract.

TT Electronics Plc

TT Electronics produces electrical components, sensors, and secure power supply systems serving the industrial, defence, aerospace, medical and transportation markets. The firm's competitive advantage derives from its key customers, including premium German automotive manufacturers and its specialist engineering expertise providing the ability to design and manufacture differentiated innovative solutions to clients.

Since the current management arrived in 2008, the delivery of TT Electronics' ambitious operating targets could double operating profit margins from 4.4% to 8%-10% over the next few years.

The financial history of the business demonstrates a growing company in excellent financial condition at an attractive price with excellent opportunities for further growth via strategic acquisitions in Asia and organic growth in existing markets. The decision to invest was made shortly after publication of TT's trading update in which it was noted that debt had been eliminated and that an approximately £15m net cash position had been achieved. This is quite exceptional especially when considering that net debt stood at £120m just four years ago and is key indicator of

Report of the Directors (continued)

TT Electronics Plc (continued)

the current management's ability. Dividend payments are currently historically low with a yield of around 2% but they are recovering quickly after the dividend was cut due to losses in 2009. We estimate the intrinsic value of the company to be around 200-220p/share with a book value of 124p/share.

Results and dividend

The results for the year are set out in the Statement of Comprehensive Income on page 10.

The Directors do not recommend payment of a dividend in respect of the year to 30 April 2012.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk profile

The Company's main financial instruments at the year end include investments, cash and cash equivalents and various items such as receivable and payables that arise directly from the Company's operations.

Details about the main risks associated with these instruments are given in note 8 to the financial statements.

Directors

The Directors of the Company who served during the year and as at 30 April 2012 are shown on page 2.

Director's interests

The interests of the Directors in the share capital of the Company at the year end as at the date of this report are as follows:

	<i>2012</i>	
	<i>Number of ordinary shares</i>	<i>Percentage of Issued Share Capital</i>
George Duthie	14,000	50.00%
David Pattison	14,000	50.00%
Total	28,000	100.00%

Report of the Directors (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with Financial Reporting Standard for Smaller Entities (FRSSE) (effective 2008) which have been submitted to Companies House and HMRC and in accordance with International Financial Reporting Standards (IFRS) and applicable law which are presented in this Annual Report. The reason this Annual Report's financial statements have been prepared in accordance with the IFRS is because they allow for the reporting of financial instruments at fair value which the Directors believe give a fairer and more accurate view of the Company's financial position in comparison to the FRSSE which only allows for historical cost accounting. These methods of financial instrument valuation are the only material difference between the two sets of financial statements.

The financial statements are required by law to 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 these 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board

David Pattison

Director

13 September 2012

George Duthie

Director

13 September 2012

Statement of Comprehensive Income

For the year ended 30 April 2012

	<i>Notes</i>	<i>2012</i> <i>£</i>
Income		
Dividend income from listed investments		238
<hr/>		
Net gains on financial assets at fair value through profit or loss		
Realised gain		-
Movement in unrealised gain	6	951
<hr/>		
Total Income		1,189
Expenses		
Transaction costs	4	60
Performance fees	12	-
Administration expenses		1,463
Depreciation & amortisation	7, 8	162
<hr/>		
Total Expenses		1,685
<hr/>		
Return for the year		(496)

All items in the above statement derive from continuing operations.

This statement represents the Company's Statement of Comprehensive Income prepared in accordance with the International Financial Reporting Standards. For the Company's Statement of Comprehensive Income prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008) which were submitted to Companies House and HMRC please contact the Company for a copy.

The Notes to the Financial Statements form an integral part of these financial statements.

Statement of Financial Position

As at 30 April 2012

	<i>Notes</i>	<i>2012</i> £
ASSETS		
Intangible assets	7	162
Plant, property and equipment	8	774
Financial assets designated at fair value through profit or loss	10	10,612
Cash and cash equivalents	5	20,183
Total assets		31,731
LIABILITIES		
Unsecured creditors: amounts falling due after more than one year	11	4,225
Total liabilities		4,225
Net assets		27,342
EQUITY		
Capital and reserves attributable to the Company's equity shareholders		
Share capital	9	28,000
Revaluation reserve	9	(162)
Profit and loss account		(496)
Total equity		27,342
Total liabilities and equity		31,731

The financial statements were approved by the Board of Directors and authorised for issue on 13 September 2012.

David Pattison
Director

13 September 2012

George Duthie
Director

13 September 2012

The Notes to the Financial Statements form an integral part of these financial statements.

Statement of Changes in Equity For the year ended 30 April 2012

2012

	<i>Notes</i>	<i>Share Capital £</i>	<i>Revaluation Reserve £</i>	<i>Profit and loss account £</i>	<i>Total Equity £</i>
Opening balance at 26 April 28		17,000	-	-	17,000
Shares issued		11,000	-	-	11,000
Return for the year	7, 8	-	(162)	(496)	(658)
Balance at 30 April 2012	12	28,000	(162)	(496)	27,342

The Notes to the Financial Statements form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 April 2012

	<i>Notes</i>	<i>2012</i> <i>£</i>
Cashflows from operating activities		
Profit/(loss) for the year		(496)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	7	154
Amortisation of intangible assets	8	8
Transaction charges on purchase and sale of investments	4	60
Dividend income received from listed investments		238
Administration expenses		(1,259)
Net cash inflow/(outflow) from operating activities		(1,223)
 Cashflows from investing activities		
Purchase of investments	6, 10	(9,661)
Expenditure on intellectual property	7	(170)
Purchase of property, plant and equipment	8	(928)
Transaction charges on purchase of investments	4	(60)
Net cash inflow/(outflow) from investing activities		(10,819)
 Cashflows from financing activities		
Cash from issue of share capital		11,000
Proceeds from borrowings	11	4,225
Net cash inflow/(outflow) from financing activities		15,225
 Net increase/(decrease) in cash and cash equivalents during the year		3,183
 Cash and cash equivalents at beginning of year		17,000
Cash and cash equivalents at end of year		20,183

The Notes to the Financial Statements form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2012

General Information

Duthie & Pattison Holdings Limited (the Company) is a company incorporated and registered in Scotland on 26 April 2011 and is governed under the provisions of the Companies Act 2006. The addresses of the trading office and the registered office are given on page 2. The Company has been established to provide shareholders with an attractive total return which is expected to comprise solely of capital growth. The Company will achieve this through the investment in a concentrated portfolio of undervalued companies as determined by fundamental analysis which are expected to be predominantly listed on UK Markets.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the current period, unless otherwise stated.

Basis of preparation

The financial statements give a true and fair view, are in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2006. The financial statements are presented in Sterling, the Company's functional currency.

These financial statements have been prepared under the historic cost convention with the exception of financial assets designated at fair value through profit or loss which are measured at fair value.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Segmental reporting

The Company has adopted IFRS 8, 'Operating Segments' as of 1 January 2009. This standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Company is domiciled in Scotland and is engaged in a single segment of business, being investment in UK equity instruments, and in one geographical area, the United Kingdom, and therefore the Company has only a single operating segment.

Notes to the Financial Statements

For the year ended 30 April 2012 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these financial statements.

The Board of Directors has overall management and control of the Company. Material changes to the investment objective or investment policy can only be made by Shareholders.

The Board therefore retains full responsibility as to the major allocations decisions made on an ongoing basis. The Company Directors will always act in accordance with the investment policy and investment restrictions set out in the Company's latest Prospectus which cannot be radically changed without the approval of Shareholders.

The Company has a diversified portfolio of investments from which it receives dividends from time to time and no single investment accounts for more than 20 per cent of the Fund's gross assets at the time of investment. However, there is no guarantee that this will be the case after any investment is made, particularly during the early life of the Company or where it is believed that an investment is particularly attractive. All the Fund's financial instruments (definition below) are classified as current assets.

Shareholders with holdings greater than 3 per cent are detailed on page 14.

Foreign currency translation

Monetary assets and liabilities are translated from currencies other than Sterling ("foreign currencies") to Sterling (the "functional currency") at the rate prevailing on the reporting date. Income and expenses are translated from foreign currencies to Sterling at the rate prevailing at the date of the transaction. Exchange differences apply to the calculation of the underlying book value of the company.

Financial instruments

Financial instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Financial instruments are recognised initially at fair value. Subsequent to initial recognition financial instruments are measured as described below.

Notes to the Financial Statements

For the year ended 30 April 2012 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

All the Company's investments are designated at fair value through profit or loss. They are initially recognised at fair value, being the cost incurred in their acquisition. Transaction costs are expensed in the Statement of Comprehensive Income. Gains and losses arising from changes in fair value are presented in the Statement of Comprehensive Income in the period in which they arise.

Purchases and sales of investments are recognised using trade date accounting. Quoted investments are valued at the mid price on the reporting date or at the realisable value if the Company has entered into an irrevocable commitment to sell the investment prior to the reporting date. Where investments are listed on more than one securities market, the price on the market on which the security was originally purchased is used. If the price is not available as at the accounting date, the last available price is used.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than 90 days when acquired to be cash equivalents.

Tangible fixed assets depreciation policy

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives. Laptop & desktop computers: 3 years. Other IT equipment: 5 years.

Intangible fixed assets amortisation policy

Intangible fixed assets (including purchased goodwill, trademarks and patents) are amortised at rates calculated to write off the assets on a straight basis over their estimated useful economic lives, not to exceed fifteen years. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

Share capital

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets.

Income

Investment income and interest income have been accounted for on an accruals basis using the effective interest method. Dividends receivable are taken to the Statement of Comprehensive Income when the relevant security is quoted ex-dividend.

Notes to the Financial Statements

For the year ended 30 April 2012 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the statement of comprehensive income, all expenses have been presented as revenue items except as follows:

- expenses which are incidental to the acquisition and disposal of an investment are charged to capital; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and accordingly the performance fee is charged to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective:

New standards	Effective for periods beginning on or after
IFRS 10 Consolidated Financial Statements – includes the concept of 'de facto' control and replaces the consolidation guidance in IAS 27: Consolidated and Separate Financial Statements and SIC: Consolidation – Special Purpose Entities	1 January 2013
IFRS 11 Joint Arrangements – includes the concepts of joint operations (resulting in consolidation of entity's share of assets and liabilities) and joint ventures (resulting in equity method of accounting); the new standard replaces IAS 31: Interest in Joint Ventures	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities – requires enhanced disclosures for related parties (consolidated and unconsolidated entities)	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
Revised and amended standards	Effective for periods beginning on or after
IFRS 7 Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets	1 July 2011
IFRS 9 Financial Instruments: classification and measurements	1 January 2013
IAS 24 Related Party Disclosures – revised definition of related parties	1 January 2011
IAS 27 Separate Financial Statements – the requirements for separate financial statements remain unchanged	1 January 2013
IAS 28 Investments in Associates and Joint Ventures – incorporates changes required due to IFRS 10, 11 and 12	1 January 2013

Notes to the Financial Statements For the year ended 30 April 2012 (continued)

2. NEW STANDARDS AND INTERPRETATIONS (continued)

In addition, in May 2010, the IASB issued improvements to IFRS which affect seven IFRS. Most amendments are effective for annual periods beginning on or after 1 January 2011, although entities are generally permitted to adopt them earlier.

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the Financial Statements of the Company.

IFRS 9 'Financial Instruments' was issued in December 2009. This addresses the classification and measurement of financial assets and is not likely to affect the Company's accounting for financial assets.

The standard is not applicable until 1 January 2013 but it is available for early adoption. The standard is not expected to have a significant impact on the financial statements since the majority of the Company's financial assets are designated at fair value through profit or loss.

3. TAXATION

The Company is considered as close investment-holding company in Scotland under the provisions of the CTM60710 and is such is charged corporation tax on capital gains at the main rate. The Company was not liable for corporation tax for the year ended 30 April 2012.

4. TRANSACTION COSTS

The transaction charges incurred in relation to the acquisition and disposal of investments during the year were as follows:

	<i>2012</i>
	<i>£</i>
Stamp duty	30
Commissions and custodian transaction charges	30
	60

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Company available on demand and on deposit with maturities of less than 90 days. Cash and cash equivalents were as follows:

	<i>2012</i>
	<i>£</i>
Cash available on demand	20,183
	20,183

Cash available on demand earns no interest.

Notes to the Financial Statements
For the year ended 30 April 2012 (continued)

6. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>2012</i> £
Equity investments – UK equity securities	10,612
Fair value at 30 April	10,612
Cost at beginning of year	-
Purchases	9,661
Sales	-
Realised gain	-
Cost at 30 April	9,661
Unrealised gains at beginning of year	-
Movement in unrealised gains	951
Unrealised gains carried forward	951
Effect of exchange rate movements	-
Fair value at 30 April	10,612

7. INTANGIBLE ASSETS

	<i>Total</i> £
Cost	
Additions	170
At 30 April 2012	170
Amortisation	
Provided during the period	8
At 30 April 2012	8
Net book value	
At 30 April 2012	162

8. TANGIBLE ASSETS

	<i>Total</i> £
Cost	
Additions	928
At 30 April 2012	928
Depreciation	
Provided during the period	154
At 30 April 2012	154
Net book value	
At 30 April 2012	774

Notes to the Financial Statements For the year ended 30 April 2012 (continued)

9. SHARE CAPITAL AND RESERVES

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets.

Externally imposed capital requirement

There are no capital requirements imposed on the Company.

The authorised share capital of the Company is 28 thousand Ordinary Shares of £1.00 each.

The issued share capital of the Company is comprised as follows:

	<i>2012</i>	
	<i>Number</i>	<i>£</i>
Allotted, called up and fully paid Ordinary shares of £1.00 each	28,000	28,000

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives

The risks relating to the Company's operations include credit risk, liquidity risk, market risks, price risk and to a certain extent foreign currency risk.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will default on its contractual obligations that it has entered into with the Company resulting in financial loss to the Company. At 30 April 2012 the major financial assets which were exposed to credit risk included financial assets designated at fair value through profit or loss and cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations arising from financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate framework for the management of the Company's liquidity requirements.

The Company adopts a prudent approach to liquidity risk management and maintains sufficient cash reserves to meet its obligations. The vast majority of the Company's investments are listed and are subject to a settlement period of three days.

Notes to the Financial Statements

For the year ended 30 April 2012 (continued)

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Market risk

The Fund is exposed through its operations to market risk which encompasses interest rate risk, price risk and foreign exchange risk.

Price risk

Price risk is the risk that the fair value of investments will fluctuate as a result of changes in market prices.

This risk is managed through diversification of the investment portfolio across business sectors. Generally the Company will seek not to invest more than 20 per cent of the Company's gross assets in any single investment at the time of investment. However, there is no guarantee that this will be the case after any investment is made, particularly where it is believed that an investment is exceptionally attractive.

2012

<i>Equity Investments</i>	<i>Sector</i>	<i>Value</i> £	<i>Percentage of</i> <i>Gross Assets</i>
TT Electronics Plc	Electronic and Electrical Equipment	2,470	7.78
Shaft Sinkers Holdings Plc	Mining Support Services	2,206	6.95
Beazley Plc	Specialist Insurance	2,130	6.71
Haynes Publishing Group Plc	Media Publishing	1,950	6.15
Dart Group Plc	Travel & Leisure	1,854	5.84
Other Private Companies	Various	2	0.01
Total		10,612	33.44

If market prices had been 25 per cent higher/lower at the statement of financial position date and all other variables were held constant:

- the Company's profit and net assets for the year ended 30 April 2012 would have increased/decreased by £2,653;
- there would have been no impact on the other equity reserves.

Foreign Exchange Risk

The Company's exposure to foreign exchange risk was immaterial for the year ended 30 April 2012.

Fair value measurements

IFRS 7 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows:

Notes to the Financial Statements

For the year ended 30 April 2012 (continued)

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 April 2012:

<i>2012</i>	<i>Level 1</i> £	<i>Level 2</i> £	<i>Level 3</i> £	<i>Total</i> £
Financial assets designated at fair value through profit and loss:				
Equity investments –				
Listed equity securities	10,610	-	-	10,610
Unlisted equity securities	-	-	2	2
Total	10,610	-	2	10,612

The Level 1 equity investments were fair valued with reference to the closing mid prices of each investee company on the reporting date.

The Level 3 equity investments were fair valued with reference to the historical cost of each investee company on the reporting date.

Notes to the Financial Statements

For the year ended 30 April 2012 (continued)

11. BORROWINGS

The following loans are included within creditors:

Repayable	2012
	£
Over five years	4,225
Total	4,225

Total borrowings consist of a director's loan made to the Company by Director D Pattison of £1995 and Director G Duthie of £2269. The loans are unsecured and in the event of liquidation would be written off. Since these are currently the only borrowing arrangements the Company has entered into, all of the assets of the Company would be attributable to the Company's Shareholders.

12. RELATED PARTIES

Director David Pattison is also a Director of the Company's wholly owned subsidiary companies David Pattison Engineering Limited and DP Tutoring Ltd.

At the end of the year the Company outperformed its benchmark by 6.42% beating its target by 5.42%. As provisioned by the Company's constitution this resulted in a performance fee of £1518 payable to the Company's Directors however the Directors waived this performance fee. If the Directors had elected to take the performance fee the Company would be required to outperform its benchmark by more than 2.01% for the year ended 30 April 2012 but in this case the original target of 1% still applies.

George Duthie is a holder of 14,000 Ordinary Shares, representing 50% of the issued share capital of the Company at the year end. David Pattison is a holder of 14,000 Ordinary Shares, representing 50% of the issued share capital of the Company at the year end.

13. MATERIAL AGREEMENTS

The Company has entered into the following material agreements:

The Company Directors (the Investment Managers) are entitled to an aggregate annual Performance Fee of any change in NAV attributable to performance which is more than 1% above the returns on the FTSE All Share Index. If the Company underperforms 1% above the returns on the FTSE All Share Index in any year, the underperformance must be made good before any further Performance Fee becomes payable in future years. Both the NAV and the FTSE All Share Index will be calculated on a total return basis.

14. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.