

BASTION PRODUCTS LIMITED

(REGISTERED NUMBER: 470283)

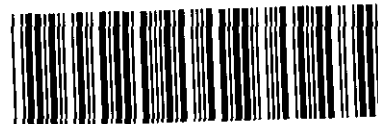
FINANCIAL STATEMENTS

for the year ended

31st MARCH 2006

**COHEN ARNOLD
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
LONDON NW11 0PU**

SATURDAY



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COMPANIES HOUSE

BASTION PRODUCTS LIMITED

DIRECTORS

B.S.E Freshwater
D Davis

SECRETARY

M.R.M Jenner F.C.I.S.

REGISTERED OFFICE

Freshwater House
158-162 Shaftesbury Avenue
LONDON WC2H 8HR

AUDITORS

Cohen Arnold
New Burlington House
1075 Finchley Road
LONDON NW11 0PU

BASTION PRODUCTS LIMITED
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FOR THE YEAR ENDED 31st MARCH 2006

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BASTION PRODUCTS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements of the Company for the year ended 31st March 2006.

BUSINESS REVIEW

The principal activity of the Company is Property Trading which has remained unchanged during the year and no change is anticipated in the immediate future.

RESULTS AND DIVIDEND

The financial results of the Company's activities for the year ended 31st March 2006 are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors do not recommend the payment of a dividend for the year under review (2005: £ Nil).

PROPERTIES

The Company's trading portfolio was professionally valued by the Company's Valuers, Cardales, at 31 March 2002 on the basis of open market value and, at that time, it had a surplus over book value of £738,395 which related to properties still held at 31 March 2006 which was not incorporated into the Financial Statements. The Directors are satisfied that at 31 March 2006 properties held for trading still had a value considerably in excess of their book value. Had this surplus been incorporated into the Financial Statements the Company would have had a net asset position of approximately £609,000.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year were Mr B S E Freshwater and Mr D Davis.

The Articles of Association do not require the Directors to retire by rotation. The Directors do not have service contracts nor do they receive any emoluments from the Company.

The whole of the issued share capital of the Company is owned by The Raphael Freshwater Memorial Association Limited, a Company registered in Great Britain and incorporated in England for charitable purposes. Mr B S E Freshwater and Mr D Davis are Governors of the Parent Undertaking but do not have any interest in the capital of the Company, the Parent Undertaking, Subsidiaries or any Subsidiary of the Parent Undertaking.

Day to day management of the Company is carried out by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a Director of both Companies and also has a non-beneficial interest in the share capital of Highdorn Co. Limited.

BASTION PRODUCTS LIMITED

REPORT OF THE DIRECTORS

DIRECTORS AND DIRECTORS' INTERESTS (Continued)

Mr B S E Freshwater and Mr D Davis are also Governors of the Parent Undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that year.

In preparing those Financial Statements, the Directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 maintaining 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

DONATIONS

There were no Charitable Donations under Gift Aid during the year (2005: £100,000) in favour of the Company's Parent Undertaking, The Raphael Freshwater Memorial Association Limited.

BASTION PRODUCTS LIMITED

REPORT OF THE DIRECTORS

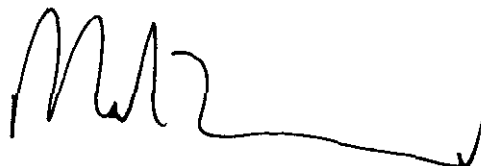
TAXATION STATUS

So far as the Directors are aware, the Company is a "close company" within the meaning of the provisions of Section 414 Taxes Act, 1988.

AUDITORS

A resolution will be proposed at the Annual General Meeting that Messrs. Cohen Arnold Chartered Accountants, are to be reappointed Auditors of the Company and that their remuneration is to be determined by agreement with the Directors.

BY ORDER OF THE BOARD



**M.R.M JENNER
SECRETARY**

11 JANUARY 2007

HEAD OFFICE:

**Freshwater House
158/162 Shaftesbury Avenue
LONDON WC2H 8HR**

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS

- OF -

BASTION PRODUCTS LIMITED

We have audited the Financial Statements of Bastion Products Limited for the year ended 31st March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The Financial Statements have been prepared on the basis of 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 THE AUDITORS

The Directors' responsibilities for preparing the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the 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 judgments 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

TO THE SHAREHOLDERS

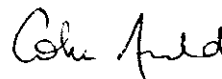
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BASTION PRODUCTS LIMITED

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 affairs of the Company as at 31st March 2006 and of its results for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.



New Burlington House
1075 Finchley Road
London NW11 0PU

COHEN ARNOLD
Chartered Accountants and
Registered Auditors

Our audit was completed on 11 JAN 2007 and our opinion was expressed at that date.

BASTION PRODUCTS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 2006**

	Note	£	<u>2006</u>	£	£	<u>2005</u>	£
Rents and Charges Receivable	2	93,043			59,817		
Property Outgoings		(81,996)			(48,313)		
				11,047			11,504
Property Sales	2	-			225,000		
Cost of Sales		-			-		
				-			225,000
				11,047			236,504
Administrative Expenses	3			(7,435)			(6,619)
OPERATING PROFIT				3,612			229,885
Interest Receivable				10			76
Interest Payable				(49,576)			(35,221)
Gift Aid	4			-			(100,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(45,954)			94,740
Taxation	5			19,000			(33,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR				(26,954)			61,740
Adverse Balance Brought Forward				(102,546)			(164,286)
ADVERSE BALANCE CARRIED FORWARD				(129,500)			(102,546)

None of the Company's activities were acquired or discontinued during the financial year nor in the previous year.

The Company has no recognised gains or losses other than those reflected in the above Profit and Loss Account for the financial year nor for the previous year.

The Notes on pages 8 to 12 form part of these Financial Statements.

BASTION PRODUCTS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

		<u>2006</u>	<u>2005</u>
		£	£
	Note		
FIXED ASSETS			
Investment in Subsidiary Undertakings	6	200	200
CURRENT ASSETS			
Properties held for Trading	1.3	41,855	41,855
Debtors	7	1,317,198	1,259,297
		<hr/>	<hr/>
		1,359,053	1,301,152
CREDITORS: Amounts Falling Due Within One Year	8	(1,488,653)	(1,403,798)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(129,600)	(102,646)
		<hr/>	<hr/>
DEFICIENCY IN NET ASSETS		(129,400)	(102,446)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up Share Capital	9	100	100
Profit and Loss Account		(129,500)	(102,546)
		<hr/>	<hr/>
		(129,400)	(102,446)
		<hr/>	<hr/>

The Financial Statements were approved by the Board of Directors on 11 JANUARY 2007 and signed on its behalf by:

.....
B.S.E. FRESHWATER - DIRECTOR

The Notes on pages 8 to 12 form part of these Financial Statements.

BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2006

1. ACCOUNTING POLICIES

The following Accounting Policies have been used consistently in the preparation of the Company's Financial Statements.

1.1 BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 DISPOSAL OF PROPERTIES

Disposals are considered to have taken place at the date of legal completion.

1.3 PROPERTIES HELD FOR TRADING

Properties held for trading are stated at the lower of cost and net realisable value.

1.4 GROUP FINANCIAL STATEMENTS

Group Financial Statements have not been prepared as the Directors have taken advantage of the exemptions from so doing conferred by Sections 248 and 249 of the Companies Act 1985 on the basis that the Group qualifies as a "small group".

1.5 CASH FLOW STATEMENT

The Company is exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No: 1) on the basis of its being a "small company" as defined by Section 247, Companies Act 1985.

1.6 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover of the Company is derived from its income from properties held for trading purposes and the relevant contribution towards profit for the year is displayed in the Profit and Loss Account. Property Sales include consideration receivable on granting of new leases and lease extensions.

BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2006

3. ADMINISTRATIVE EXPENSES

	<u>2006</u> £	<u>2005</u> £
Auditors' Remuneration	7,385	6,580
Legal and Professional charges	50	39
	<hr/>	<hr/>
	7,435	6,619
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4. GIFT AID

The Financial Statements include a Charitable Donation under Gift Aid of £Nil. (2005: £100,000) in favour of the Company's Parent Undertaking, The Raphael Freshwater Memorial Association Limited.

5. TAXATION

The (credit)/charge in the Profit and Loss Account comprises:

	<u>2006</u> £	<u>2005</u> £
Consideration (Receivable)/Payable for Group Relief Current Year	(19,000)	33,000
	<hr/>	<hr/>
Factors affecting the tax (credit)/charge for the year : (Loss)/Profit on ordinary activities before taxation	(45,954)	94,740
	<hr/>	<hr/>
Corporation tax at the standard rate of 30% (2005: 30%)	(13,786)	28,422
Unused Charges on Income	(5,232)	4,138
Other Differences	18	440
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	(19,000)	33,000
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BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>2006</u>	<u>2005</u>
	£	£
Shares at Cost	4,802	4,802
<u>Deduct:</u> Provision for diminution in value	(4,602)	(4,602)
	<hr/>	<hr/>
	200	200
	<hr/>	<hr/>

The Company holds the whole of the issued share capital in the undermentioned Companies, all of which are incorporated in England unless otherwise stated:

Brigade Properties Limited
Kayville Properties Limited
Delbast Corporation (incorporated in
the United States of America)

The profits (less losses) of the Subsidiary Companies, incorporated in England, for the year ended 31st March 2006 aggregate £38,970 and as at the aforementioned date, their accumulated Capital and Reserves amounted to £289,725.

The Financial Statements of Delbast Corporation are made up to 31st December in each year and at 31st December 1995 (the latest audited Financial Statements available), they disclose a deficiency in reserves of £14,000 (U.S. Dollars 26,857).

7. DEBTORS

	<u>2006</u>	<u>2005</u>
	£	£
Loan Debtors (see below)	850,443	832,944
Rents and Service Charges Due	6,736	-
Amounts due from Fellow Subsidiary		
Undertakings (see below)	371,600	371,600
Consideration Receivable for Group Relief (note 5)	19,000	-
Other Debtors	69,419	54,753
	<hr/>	<hr/>
	1,317,198	1,259,297
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BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2006

7. DEBTORS (Continued)

- (a) Loan Debtors represent amounts due from the Estates of a former Director and his widow and Freshwater Property Management Limited. Mr BSE Freshwater is a Director of Freshwater Property Management Limited and both he and Mr Davis are Governors of the Parent Undertaking of that Company. The loans are interest free and effectively repayable on demand.
- (b) The amounts due from Fellow Subsidiary Undertakings are interest free and effectively repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2006</u> £	<u>2005</u> £
Rents and Service Charges Charged and Paid in Advance	15,857	3,799
Bank Overdraft	66,649	2,101
Amount due to Parent Undertaking (see below)	618,167	618,167
Amounts due to Fellow Subsidiary Undertakings (see below)	452,500	321,500
Amounts due to Subsidiary Undertakings	236,942	234,942
Interest Payable to Loan Creditors	59,970	59,970
Consideration Payable for Group Relief (note 5)	-	33,000
Other Creditors and Accruals	38,568	130,319
	<hr/>	<hr/>
	1,488,653	1,403,798
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The amount due to Parent Undertaking bears interest at the rate of 8% per annum and is effectively repayable on demand.

The amounts due to Fellow Subsidiary Undertakings are interest-free and effectively repayable on demand.

BASTION PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2006

9. CALLED UP SHARE CAPITAL

	<u>2006</u>	<u>2005</u>
	£	£
<u>Authorised, Issued and Fully Paid:</u>		
100 Ordinary Shares of £1 each	100	100
	<u> </u>	<u> </u>

10. DEFICIENCY IN NET ASSETS

Although there is a deficiency of Net Assets in the Company's Financial Statements as at 31st March 2006 the Directors consider the underlying value of Properties Held for Trading included in the Balance Sheet at cost would in the event of disposal result in a surplus in excess of the deficit as at the Balance Sheet date.

11. DIRECTORS' INTEREST IN CONTRACTS

Day-to-day management of the Company is carried out by Highdorn Co. Limited and Freshwater Property Management Limited, both of which are members of the Freshwater Group of Companies with which this company is closely associated. Mr BSE Freshwater is a director of both companies and has a non-beneficial interest in the share capital of Highdorn Co. Limited.

The amounts payable for the provision of a full range of management services charged at normal commercial rates were:-

	<u>2006</u>	<u>2005</u>
	£	£
Freshwater Property Management Limited	3,000	3,000
	<u> </u>	<u> </u>

12. PARENT UNDERTAKING AND CONTROL

The Company is controlled by its Parent Undertaking, The Raphael Freshwater Memorial Association Limited, a company incorporated in England for Charitable purposes. The Raphael Freshwater Memorial Association Limited does not have a controlling party.