

**CONSOLIDATED PROPERTY CORPORATION INC.
LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED

31ST JULY 2006

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CONSOLIDATED PROPERTY CORPORATION INC. LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2006

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CONSOLIDATED PROPERTY CORPORATION INC. LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Director	Mr L G Kirschel
Company Secretary	Mr S Pinshaw
Registered Office	124-130 Seymour Place London W1H 1BG
Auditor	Bright Grahame Murray Chartered Accountants & Registered Auditors 124/130 Seymour Place London W1H 1BG

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31ST JULY 2006

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31st July 2006

Principal Activities

The principal activity of the company continued to be property investment

Results and Dividends

The profit for the year amounted to £447,899 Particulars of dividends paid are detailed in note 6 to the financial statements

The Director and His Interests in the Shares of the Company

The director who served the company during the year together with his beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At 31 July 2006	At 1 August 2005
Mr L G Kirschel	<u>100</u>	<u>100</u>

Director's Responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 director is required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985 He is 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 director is aware

there is no relevant audit information of which the company's auditor is unaware, and

the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

A resolution to re-appoint Bright Grahame Murray as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31ST JULY 2006

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed by



Secretary

Approved by the director on

20/5/2007

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

YEAR ENDED 31ST JULY 2006

We have audited the financial statements of Consolidated Property Corporation Inc Limited for the year ended 31st July 2006 on pages 6 to 15, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 9 to 10

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 Director and Auditor

The director's 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 Director's 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 Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 director 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 applicable to Smaller Entities, of the state of the company's affairs as at 31st July 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONSOLIDATED PROPERTY CORPORATION INC. LIMITED *(continued)*

YEAR ENDED 31ST JULY 2006

Opinion

In our opinion

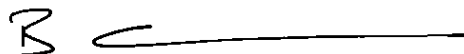
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31st July 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Director's Report is consistent with the financial statements

124/130 Seymour Place
London
W1H 1BG

30th May 2007



BRIGHT GRAHAME MURRAY
Chartered Accountants
& Registered Auditors

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST JULY 2006

	Note	2006 £	2005 £
Turnover		1,045,205	1,031,491
Cost of sales		<u>229,167</u>	<u>229,166</u>
Gross Profit		816,038	802,325
Administrative expenses		<u>131,810</u>	<u>126,782</u>
Operating Profit	2	684,228	675,543
Loss on disposal of fixed assets		<u>-</u>	<u>(1,800)</u>
		684,228	673,743
Income from shares in group undertakings	3	80,000	80,000
Income from other fixed asset investments	4	370,000	370,000
Interest receivable		4,410	2,920
Interest payable and similar charges		<u>(691,325)</u>	<u>(724,915)</u>
Profit on Ordinary Activities Before Taxation		447,313	401,748
Tax on profit on ordinary activities	5	(586)	3,888
Profit for the Financial Year		<u>447,899</u>	<u>397,860</u>

The notes on pages 9 to 15 form part of these financial statements.

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31ST JULY 2006

	2006	2005
	£	£
Profit for the financial year attributable to the shareholders	447,899	397,860
Unrealised profit on revaluation of investment properties	<u>5,900,000</u>	<u>5,500,000</u>
Total gains and losses recognised since the last annual report	<u>6,347,899</u>	<u>5,897,860</u>

The notes on pages 9 to 15 form part of these financial statements.

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

BALANCE SHEET

31ST JULY 2006

	Note	2006 £	2005 £
Fixed Assets			
Tangible assets	7	27,035,717	21,143,729
Investments	8	3,725,797	3,725,797
		<u>30,761,514</u>	<u>24,869,526</u>
Current Assets			
Debtors due within one year	9	6,034,055	5,910,367
Cash at bank		325,574	61,280
		<u>6,359,629</u>	<u>5,971,647</u>
Creditors. Amounts falling due within one year	10	<u>839,378</u>	<u>815,902</u>
Net Current Assets		<u>5,520,251</u>	<u>5,155,745</u>
Total Assets Less Current Liabilities		<u>36,281,765</u>	<u>30,025,271</u>
Creditors: Amounts falling due after more than one year	11	<u>10,273,493</u>	<u>10,264,274</u>
		<u>26,008,272</u>	<u>19,760,997</u>
Provisions for Liabilities			
Deferred taxation	12	3,264	3,888
		<u>26,005,008</u>	<u>19,757,109</u>
Capital and Reserves			
Called-up equity share capital	14	100	100
Revaluation reserve	15	25,340,991	19,440,991
Profit and loss account	16	663,917	316,018
Shareholders' Funds		<u>26,005,008</u>	<u>19,757,109</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved and signed by the director on 30/05/2007


Director

The notes on pages 9 to 15 form part of these financial statements.

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Changes in Accounting Policies

In preparing the financial statements for the current year, the company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

Turnover, which is stated net of value added tax, represents rent and service charges receivable.

The turnover was derived from the company's principal activity which was carried out wholly in the United Kingdom.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- over the term of the lease
Fixtures & Fittings	- 15% p a on a reducing balance basis
Motor Vehicles	- 25% p a on a reducing balance basis
Furniture & Equipment	- 15% p a on a reducing balance basis

Investment Properties

The company's investment properties are included in the Balance Sheet at their open market values. The surplus or deficit on annual revaluation of such properties is transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The director considers that this policy is necessary in order that the financial statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

1. Accounting Policies *(continued)*

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Inducement Payments

Cost of operating lease incentives in the form of inducement payments are recognised as a reduction of rental income on a straight line basis over the shorter of the lease term and the period until the rent review date on which the rent is first adjusted to the prevailing market rate.

2. Operating Profit

Operating profit is stated after charging

	2006	2005
	£	£
Depreciation of owned fixed assets	8,012	9,995
Auditor's fees	<u>6,406</u>	<u>10,640</u>

3. Income from Shares in Group Undertakings

	2006	2005
	£	£
Unlisted shares in group undertakings	<u>80,000</u>	<u>80,000</u>

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

4. Income from Other Fixed Asset Investments

	2006 £	2005 £
Preference dividends received	<u>370,000</u>	<u>370,000</u>

5. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year	<u>38</u>	-
Total current tax	<u>38</u>	-
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	<u>(624)</u>	<u>3,888</u>
Tax on profit on ordinary activities	<u>(586)</u>	<u>3,888</u>

(b) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market values. Such tax would become payable only if the properties were sold. The total amount unprovided is approximately £7,400,000 (2005 £5,700,000). At the present time, it is not envisaged that any tax will become payable in the foreseeable future.

6. Dividends

Equity dividends

	2006 £	2005 £
Paid		
Equity dividends on ordinary shares	<u>100,000</u>	<u>100,000</u>

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

7 Tangible Fixed Assets

	Freehold Investment Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Furniture & Equipment £	Total £
Cost or Valuation						
At 1 Aug 2005	21,100,000	88,754	59,121	19,350	47,852	21,315,077
Revaluation	5,900,000	—	—	—	—	5,900,000
At 31 Jul 2006	27,000,000	88,754	59,121	19,350	47,852	27,215,077
Depreciation						
At 1 Aug 2005	—	88,754	41,576	4,838	36,180	171,348
Charge for the year	—	—	2,633	3,628	1,751	8,012
At 31 Jul 2006	—	88,754	44,209	8,466	37,931	179,360
Net Book Value						
At 31 Jul 2006	27,000,000	—	14,912	10,884	9,921	27,035,717
At 31 Jul 2005	21,100,000	—	17,545	14,512	11,672	21,143,729

Investment properties owned by the company have been valued at 31st July 2006 by the director, using an open market value for existing use basis at £27,000,000. The historical cost of freehold land and buildings included at a valuation was £1,659,009.

8. Investments

	Shares in Subsidiary Undertakings £	Shares in Other Undertakings £	Total £
Cost			
At 1st August 2005 and 31st July 2006	2	3,725,795	3,725,797
Net Book Value			
At 31st July 2006	2	3,725,795	3,725,797
At 31st July 2005	2	3,725,795	3,725,797

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

8. Investments *(continued)*

Shares in other undertakings comprises of £3,725,795 in respect of preference shares in Consolidated Developments Limited, a company owned and controlled by the director

In the financial statements of Consolidated Developments Limited at 31 December 2005, the cumulative dividends in arrears on the preference shares amounted to approximately £2,220,000 in respect of the period from 31 December 1996 to 31 December 2002

The preference shareholders are entitled to receive on a winding up, the full amount of capital paid up on the shares, together with all arrears of dividend in priority to any other class of shares

	Country of incorporation	Share Holding	Proportion Held	Nature of business
Subsidiary undertakings				
Soholistic Limited	England	Ordinary Shares	100%	Managing Agents

In the year ended 31st July 2006 Soholistic Limited made a profit after tax of £67,047 (2005 £77,041) Its aggregate capital and reserves at this date were £3,086 (2005 £16,039)

9 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	26,725	-
VAT recoverable	-	235
Other debtors	5,999,999	5,909,341
Prepayments and accrued income	7,331	791
	<u>6,034,055</u>	<u>5,910,367</u>

Included in other debtors above is £4,783,853 (2005 £5,013,020) in respect of inducement payments which are recoverable after more than one year

10. Creditors: Amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	-	10,593
Taxation	586	-
Other creditors	838,792	805,309
	<u>839,378</u>	<u>815,902</u>

11. Creditors. Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	<u>10,273,493</u>	<u>10,264,274</u>

The loans are secured by a fixed charge over the company's freehold investment property and the fixtures and fittings in favour of The Royal Bank of Scotland

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

12. Deferred Taxation

The movement in the deferred taxation provision during the year was

	2006 £	2005 £
Provision brought forward	3,888	-
Profit and loss account movement arising during the year	(624)	3,888
Provision carried forward	<u>3,264</u>	<u>3,888</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	3,264	3,888
	<u>3,264</u>	<u>3,888</u>

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market values. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief. The total amount unprovided is detailed above. At the present time, it is not envisaged that any tax will become payable in the foreseeable future.

13. Related Party Transactions

The company is controlled by L G Kirschel Esq, the director

During the year, rent of £67,317 (2005 £78,603) was received from the company's subsidiary undertaking, Soholistic Limited. The amount owed by Soholistic Limited to the company at the year end was £26,725 (2005 £(10,593)).

Included in other creditors is an amount of £411,413 (2005 £459,206) due to Consolidated Property Corporation Limited and an amount of £193,672 (2005 £152,037) due to Realty, The London Property Brokers Limited, companies which are owned and controlled by the director in conjunction with others.

Included in other debtors is an amount of £986,979 (2005 £667,154) falling due after more than one year from Consolidated Developments Limited, a company owned and controlled by the director.

During the year the company paid rent of £33,333 (2005 - £30,000) to Realty, The London Property Brokers Limited, a company owned and controlled by the director in conjunction with others.

CONSOLIDATED PROPERTY CORPORATION INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2006

14. Share Capital

Authorised share capital:

	2006	2005
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15. Revaluation Reserve

	2006	2005
	£	£
Balance brought forward	19,440,991	13,940,991
Revaluation of fixed assets	<u>5,900,000</u>	<u>5,500,000</u>
Balance carried forward	<u>25,340,991</u>	<u>19,440,991</u>

16. Profit and Loss Account

	2006	2005
	£	£
Balance brought forward	316,018	18,158
Profit for the financial year	447,899	397,860
Equity dividends paid (FRS 25)	<u>(100,000)</u>	<u>(100,000)</u>
Balance carried forward	<u>663,917</u>	<u>316,018</u>