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COMPANY NUMBER : 04844708

A.W. CHAMPION TIMBER LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2005



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A.W. CHAMPION TIMBER LIMITED

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31ST DECEMBER, 2005

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A.W. CHAMPION TIMBER LIMITED

COMPANY INFORMATION

Directors

M.G. Jessop (Non executive chairman)
P.W.A. Champion
M.E. Saunders

Secretary

S.P. Bowden

Registered Office

Champion House
Burlington Road
New Malden
Surrey KT3 4NB

Auditors

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

A.W. CHAMPION TIMBER LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31st December, 2005.

PRINCIPAL ACTIVITY

The principal activity of the company during the period was to act as a holding company for A W Champion Ltd.

RESULTS

The company did not trade during the year but received a dividend of £184,500 which was distributed to its shareholders.

DIRECTORS

The directors in office in the period and their interests in the company's issued ordinary share capital were as follows:-

	Ordinary Shares of 1p each	
	As at 31st December , 2005	As at 1st January, 2005
P.W.A. Champion	28,764	28,764
M.G. Jessop	-	-
M.E. Saunders	-	-

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 the profit or loss of the company for that year. In preparing those financial statements, the directors are required to :

select suitable accounting policies, as described on page 9 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 1985. The directors 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.

A.W. CHAMPION TIMBER LIMITED

DIRECTORS' REPORT - CONTINUED

AUDITORS

On 1st May, 2006 the practice of AGN Shipleys transferred its business to Shipleys LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of AGN Shipleys as extending to Shipleys LLP with effect from 1st May, 2006 under the provisions of section 26(5) Companies Act 1989. Shipleys LLP has indicated its willingness to remain in office.

By Order of the Board



S.P. Bowden
Secretary

23rd June, 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**A.W. CHAMPION TIMBER LIMITED**

We have audited the financial statements of A.W. Champion Timber Limited for the year ended 31st December, 2005, which comprise the Profit and Loss Account, the Balance Sheet, the cash flow statement 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 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 other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement 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.

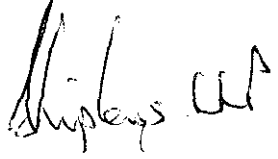
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
A.W. CHAMPION TIMBER LIMITED – CONTINUED**

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 31st December, 2005 and of its results for the year then ended; and

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


Shipleys LLP
Chartered Accountants and
~~Registered~~ Auditors
10 Orange Street
Haymarket
London
WC2H 7DQ

27th June, 2006

A.W. CHAMPION TIMBER LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2005

	Notes	2005 £	2004 £
TURNOVER		-	-
COST OF SALES		-	-
GROSS PROFIT		-	-
Administrative expenses		-	-
OPERATING PROFIT		-	-
Dividend received from subsidiary undertaking	2	184,500	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		184,500	-
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6	£184,500	-
Continuing operations			

The company was established during 2004 but otherwise none of its principal activities were acquired or discontinued during the financial years shown above.

The notes on pages 9 and 10 form part of these financial statements.

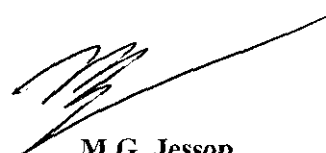
A.W. CHAMPION TIMBER LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER, 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Investments	3	32,581	32,581
CURRENT ASSETS			
Amounts owed by subsidiary company	3	114	114
Cash at bank		<u>212</u>	<u>212</u>
NET CURRENT ASSETS		<u>326</u>	<u>326</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£32,907</u>	<u>£32,907</u>
CAPITAL AND RESERVES			
Called up share capital	4	652	652
Share premium account	5	32,255	32,255
Profit and loss account	6	<u>-</u>	<u>-</u>
SHAREHOLDERS' FUNDS		<u>£32,907</u>	<u>£32,907</u>

Approved by the Board on 23rd Dec, 2006

P.W.A. Champion
Director

M.G. Jessop
Director

A.W. CHAMPION TIMBER LIMITED

CASH FLOW STATEMENT

AS AT 31ST DECEMBER, 2005

	2005		2004	
	£	£	£	£
Net cash inflow/(outflow) from operating activities				
Operating profit	-		-	
(Increase) in debtors	<u>-</u>		<u>(114)</u>	
		-		(114)
Capital expenditure and financial investment				
Purchase of investments	-		(32,581)	
Less: Issue of shares in exchange for investments	<u>-</u>		<u>32,581</u>	
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>-</u>		<u>-</u>
Cash outflow before management of liquid resources and financing management of liquid resources		-		(114)
Net cash inflow from financing				
Issue of shares for cash		<u>-</u>		<u>326</u>
Increase in cash for the period		<u>-</u>		<u>£212</u>
		=====		=====
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS				
Increase in cash during period and change in net funds resulting from cash flows				
Cash inflow during the period and bank Balance at 31st December, 2005		-		212
Net funds at 1st January, 2004		<u>212</u>		<u>-</u>
Net funds at 31st December, 2005		<u>£212</u>		<u>£212</u>
		=====		=====

The notes on pages 9 and 10 form part of these financial statements .

A.W. CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER, 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

1.1 Acquisition of Investment

The company acquired an investment in the prior period which was transferred by means of a reorganisation. The investment has been brought into these financial statements using the principles of Merger Accounting and is recorded at the carrying value when it was transferred.

1.2 Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

2. DIVIDENDS

A dividend of £184,500 was received during the year and has been distributed to the shareholders as shown in Note 6.

A dividend of £110,000 will be paid during 2006 which will be financed by a dividend that will be received from its subsidiary undertaking, A.W. Champion Limited.

3. INVESTMENTS

2005

At 31st December, 2005 and 31st December, 2005

£32,581

=====

The investment comprises 100% of the issued ordinary share capital of A.W. Champion Limited a company incorporated in England.

A.W. Champion Limited carries on the business of timber merchants, importers and sellers of allied products and the financial information for the year to 31st December, 2005 for that company is:-

Total reserves	£4,070,050
Profit after taxation	£451,113

A.W. CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER, 2005

4. CALLED UP SHARE CAPITAL

	2005	2004
Authorised		
100,000 ordinary shares of 1p each	£1,000	£1,000
	=====	=====
Allotted, called up and fully paid		
65,162 ordinary shares of 1p each	£652	£652
	=====	=====

5. SHARE PREMIUM

Premium on issue of shares	£32,255	£32,255
	=====	=====

During the prior period, 32,581 Ordinary 1p shares were issued in exchange for the investment detailed in note 4. This resulted in a share premium of £32,255.

6. PROFIT AND LOSS ACCOUNT

Balance at 1st January, 2005	-	-
Profit for the year after tax	184,500	-
Dividends paid	(184,500)	-
	=====	=====
Balance at 31st December, 2005	-	-
	=====	=====

7. CONTROLLING PARTY

The company is under the control of Mr C.S.B Champion as the majority shareholder.

8. CONTINGENT LIABILITY

The company has an overdraft facility secured by a fixed and floating charge over the assets of the company and its subsidiary, A.W. Champion Ltd. Cross bank guarantees also exist between Group companies whereby A.W. Champion Timber Limited has granted an unlimited guarantee for the bank debts of the subsidiary. The subsidiary has granted a guarantee for £750,000 for the debts of the holding company.