

ROCK FREEHOLDS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2005
Company Registration No. 05195475 (England and Wales)

Shelley Stock Hutter
Chartered Accountants
45 Mortimer Street
London
W1W 8HJ



ROCK FREEHOLDS LIMITED

COMPANY INFORMATION

Directors	Mr V D Goldstein	(Appointed 16 September 2004)
	Mr P Z Kemsley	(Appointed 16 September 2004)
	Mr A D Fishman	(Appointed 18 August 2005)

Secretary	Rock Group Secretaries Limited
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Company number	05195475
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Registered office	4th Floor 20 Balderton Street Mayfair London W1K 6TL
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Auditors	Shelley Stock Hutter 45 Mortimer Street London W1W 8HJ
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ROCK FREEHOLDS LIMITED

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ROCK FREEHOLDS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

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

Principal activities and review of the business

The principal activity of the company continued to be that of property development.

The company was incorporated on 2 August 2004 and commenced trading on 24 March 2005.

The results for the period and the financial position at the period end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 2 August 2004:

Mr V D Goldstein	(Appointed 16 September 2004)
Mr P Z Kemsley	(Appointed 16 September 2004)
Mr A D Fishman	(Appointed 18 August 2005)

Directors' interests

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

	Ordinary shares of £1 each	
	31 December 2005	2 August 2004
Mr V D Goldstein	-	-
Mr P Z Kemsley	-	-
Mr A D Fishman	-	-

Mr P Z Kemsley holds 100% of the shares of Final Developments Limited. Final Developments Limited held 50% of the issued share capital of Rock Investment Holdings Plc throughout the year. Rock Investment Holdings Plc is the parent company of Rock One Limited which owns 100% of the issued share capital of Rock Freeholds Limited.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Auditors

Shelley Stock Hutter were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

ROCK FREEHOLDS LIMITED

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

Directors' responsibilities

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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board


Rock Group Secretaries Limited
Secretary

13/07/06
Date

ROCK FREEHOLDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROCK FREEHOLDS LIMITED

We have audited the financial statements of Rock Freeholds Limited for the period ended 31 December 2005 set out on pages 5 to 11. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 or 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 United Kingdom Auditing Standards 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.

ROCK FREEHOLDS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF ROCK FREEHOLDS LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Shelley Stock Hutter

13/07/06

Date

Chartered Accountants
Registered Auditor

45 Mortimer Street
London
W1W 8HJ

ROCK FREEHOLDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2005

	Notes	Period ended 31 December 2005 £
Administrative expenses		(41,419)
Other operating income		244,588
Operating profit	2	203,169
Interest payable and similar charges	3	(123,545)
Profit on ordinary activities before taxation		79,624
Tax on profit on ordinary activities	4	-
Profit on ordinary activities after taxation	9	79,624

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

There are no recognised gains and losses other than those passing through the profit and loss account.

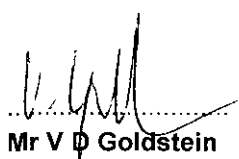
ROCK FREEHOLDS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£
Current assets			
Stocks	5	3,439,200	
Debtors	6	47,298	
		<u>3,486,498</u>	
Creditors: amounts falling due within one year	7	<u>(3,406,872)</u>	
Total assets less current liabilities			<u>79,626</u>
Capital and reserves			
Called up share capital	8		2
Profit and loss account	9		<u>79,624</u>
Shareholders' funds - equity interests	10		<u>79,626</u>

The financial statements were approved by the Board on 13/07/06


Mr P Z Kemsley
Director


Mr V D Goldstein
Director

ROCK FREEHOLDS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2005

	Period ended 31 December 2005 £	£
Net cash outflow from operating activities		(2,338,537)
Returns on investments and servicing of finance		
Interest paid	(111,463)	
Net cash outflow for returns on investments and servicing of finance		(111,463)
Net cash outflow before management of liquid resources and financing		(2,450,000)
Financing		
Net cash inflow/(outflow) from financing		-
Decrease in cash in the period		(2,450,000)

ROCK FREEHOLDS LIMITED

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

1	Reconciliation of operating profit to net cash outflow from operating activities	2005
		£
	Operating profit/(loss)	203,169
	(Increase)/decrease in stocks	(3,439,200)
	Increase in debtors	(47,298)
	Increase in creditors within one year	944,792
	Net cash outflow from operating activities	(2,338,537)

2	Analysis of net debt	2 August 2004	Cash flow	Other non-cash changes
		£	£	£
	Net cash:			
	Bank overdrafts	-	(2,450,000)	-
	Bank deposits	-	-	-
	Net debt	-	(2,450,000)	-

3	Reconciliation of net cash flow to movement in net debt	2005
		£
	Decrease in cash in the period	(2,450,000)
	Movement in net debt in the period	(2,450,000)
	Opening net debt	-
	Closing net debt	(2,450,000)

ROCK FREEHOLDS LIMITED

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

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Stock

Stock is valued at the lower of cost and net realisable value.

1.4 Deferred taxation

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

1.5 Cash and liquid resources

For the purposes of the cashflow statement, cash and liquid resources are defined as cash at bank and in hand.

2 Operating profit

2005

£

Operating profit is stated after charging:

Auditors' remuneration

2,938

3 Interest payable

2005

£

On bank loans and overdrafts

123,545

4 Taxation

2005

Current tax charge

-

Factors affecting the tax charge for the period

Profit on ordinary activities before taxation

79,624

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%

23,887

Effects of:

Tax losses utilised

(23,887)

Current tax charge

-

ROCK FREEHOLDS LIMITED

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

5	Stocks	2005
		£
	Finished goods and goods for resale	3,439,200

6	Debtors	2005
		£
	Other debtors	38,304
	Prepayments and accrued income	8,994
		47,298

7	Creditors: amounts falling due within one year	2005
		£
	Bank loans and overdrafts	2,450,000
	Amounts owed to parent and fellow subsidiary undertakings	906,259
	Other creditors	33,403
	Accruals and deferred income	17,210
		3,406,872

Bank loans and overdrafts totalling £2,450,000 are secured by a legal charge over the assets of the group.

8	Share capital	2005
		£
	Authorised	
	1,000 Ordinary shares of £1 each	1,000
	Allotted, called up and fully paid	
	2 Ordinary shares of £1 each	2

During the period the company allotted 2 Ordinary £1 shares at par. The allotment was fully paid up.

ROCK FREEHOLDS LIMITED

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

9 Statement of movements on profit and loss account

Profit and
loss
account
£

Retained profit for the period	79,624
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10 Reconciliation of movements in shareholders' funds

2005
£

Profit for the financial period	79,624
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Proceeds from issue of shares	2
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Net addition to shareholders' funds	79,626
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Opening shareholders' funds	-
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Closing shareholders' funds	79,626
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11 Contingent liabilities

Cross guarantees

Cross guarantees have been provided by the company for bank facilities utilised by fellow group companies. The bank facilities utilised as at 31 December 2005 are £31,521,600. The maximum facility available is £50 million.

12 Employees

Number of employees

There were no employees during the period apart from the directors.

13 Control

On 2 August 2004 the company became a wholly owned subsidiary of Rock One Limited. The parent company of Rock One Limited is Rock Investment Holdings Plc. There is no ultimate controlling party of Rock Investment Holdings Plc.

14 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

As at the balance sheet date the company owed £906,259 to its parent company Rock One Limited.

As at the balance sheet date the company was owed £38,304 by Insigniacorp Limited a fellow subsidiary of Rock Investment Holdings Plc.