

Rok property solutions plc

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Annual Report 2005

THE NATION'S LOCAL BUILDER™



22-6-06
MS

Cover photo: Head Teacher Designate Julia Skinner (centre) celebrates with pupils and parents after Rok started building work for the amalgamation of Bristol's Novers Lane Infant and Junior Schools.

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OUR VISION

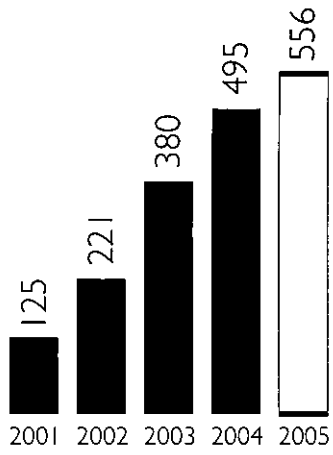
ROK AIMS TO BECOME THE NATION'S LOCAL BUILDER™ BY OPERATING FROM A NETWORK OF OFFICES IN MAJOR TOWNS ACROSS THE UK, USING DEDICATED TEAMS WHO LIVE AND WORK IN THEIR COMMUNITIES.

OUR OBJECTIVES

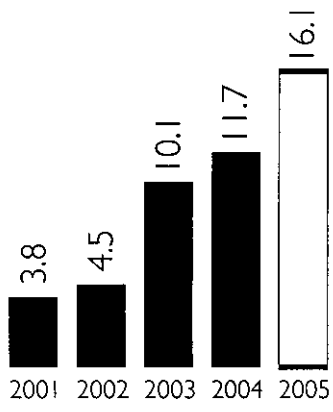
BEST IN LOCAL MARKETS ★

BEST EMPLOYER ★

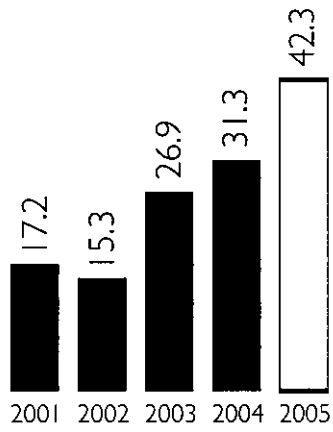
BEST FINANCIAL PERFORMANCE ★



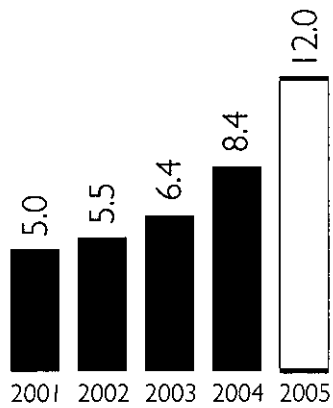
REVENUE (£M)



PROFIT BEFORE TAXATION (£M)



EARNINGS PER SHARE (PENCE)



DIVIDENDS PER SHARE (PENCE)

FINANCIAL HIGHLIGHTS

+12%

Revenues up to £556 million

+38%

Profit before taxation up to
£16.1 million

+35%

Basic earnings per share up
to 42.3 pence

+43%

Increase in dividend per share
for the year to 12.0 pence

CHAIRMAN'S STATEMENT

Stephen Pettit
Chairman

CUSTOMERS PREFER TO USE SERVICES PROVIDED LOCALLY BY PEOPLE THEY KNOW AND TRUST.

In this my first report as Chairman I am pleased to confirm another year of strong results as we drive towards our goal of becoming 'The Nation's Local Builder™'. Revenue, profit before tax, operating margins and earnings per share were all at record levels.

RESULTS AND DIVIDEND

Group revenue increased 12% to £555.8m, pre-tax profits rose 38% to £16.1m and basic earnings per share grew 35% to 42.3p. Excluding the exceptional costs incurred in respect of the closure of Spaceage and intangible asset charges, pre-tax profits grew by 21% from £13.9m to £16.8m and earnings per share increased 14% from 38.7p to 44.0p. Group operating margins increased from 2.9% to 3.5% reflecting the effectiveness of our service driven strategy to differentiate Rok from the rest of the

construction sector and aided by the closure of the loss making Spaceage division.

Eighteen months ago, the board announced its intention to bring dividend cover down towards the sector average over a two year period to December 2005. Accordingly, the board is recommending a final dividend of 8.25p making a total for the year of 12.0p, up 43% on the previous year. This dividend will be paid on 12 May 2006 to members on the register at 7 April 2006.

DIVISIONAL REVIEW

Rok Development

Continuing the focus on low risk industrial and commercial development on a regional platform has resulted in a 16%

growth in revenue to £69.7m and a 4% increase in operating profits to £9.4m. Operating margins were 13.5% against an exceptional 14.9% in 2004.

Rok Building

Operating profits from building (which also includes our planned maintenance activities) were up 26% at £11.8m on revenue up 9% to £437.9m. Net operating margins from the division increased 16% to 2.7% which demonstrates the effectiveness of our strategy to reduce exposure to high value, lower margin contracting and focus instead on higher margin smaller building services.

Rok Maintenance

Our maintenance division has been experiencing dramatic growth as a result of recent appointments on long term partnership contracts by national clients Zurich, Royal & SunAlliance and Lloyds TSB. Revenue has grown 78% to £48.2m. This growth has been accompanied by significant investment and, as a result, operating profits increased by 8% with margins falling from 4.4% to 2.8%.

ACQUISITIONS

In May 2005, we acquired Durose & Gourlay Ltd, a business operating in the North West of England in the social housing sector, and in July 2005 we acquired Topcon Building & Contracting Ltd and Lemmeleg Ltd, building businesses operating in Lincolnshire and Yorkshire respectively. All three businesses are performing in line with expectations and are being integrated into Rok's systems and processes.

BOARD DEVELOPMENT

The executive team was further strengthened by the arrival in October of John Samuel as operations director for the building and maintenance divisions. John's presence has already had a significant impact in enabling Garvis Snook to focus more of his time on the strategic development of the Group and has strengthened the operational structure.

Non-executive directors Bob Carlton-Porter and Louis Sherwood retired in April 2005 and February 2006 respectively. Together they oversaw and guided the executive team through the substantial changes implemented in recent years. We are very grateful for their wise counsel.

In February we were pleased to welcome to the board as a non-executive director Ian Ellis, Chief Executive of Land Securities Trillium and an executive member of the Land Securities Group PLC board. This latest appointment brings the board to four non-executive and four executive directors.

PEOPLE

We have a stated objective of being 'The Best Employer' in our industry thereby attracting, retaining and developing the best talent the industry has to offer in order to drive our strategy forward. Last year we were delighted when at the first attempt we were recognised by The Sunday Times as one of the 'Best 100 Companies To Work For' in the UK. We were even more pleased this year to move up significantly in those rankings.

Health and Safety performance has been good by industry standards with a further RoSPA President's award received in the year.

COMPANY NAME

At the beginning of 2006 we took the opportunity to simplify the names of our principal operating businesses so as to clearly represent the services they provide: Rok Development, Rok Building and Rok Maintenance. We are also proposing to change the holding company name and shorten it from Rok property solutions plc to Rok plc. A resolution to effect this change will be put to the forthcoming Annual General Meeting.

PROSPECTS

The market for our services is stable with a continuing high level of public investment in housing and education, both sectors in which we have a significant presence. Rok's strategy of giving a broadly equal weighting to its maintenance, general building and construction activities provides resilience to any general economic shift.

As we look to expand our operations across the UK by organic growth, new branch openings and by acquisition, there will be a continuing focus on partnered arrangements and relationship driven opportunities through the embedding of our businesses in local communities.

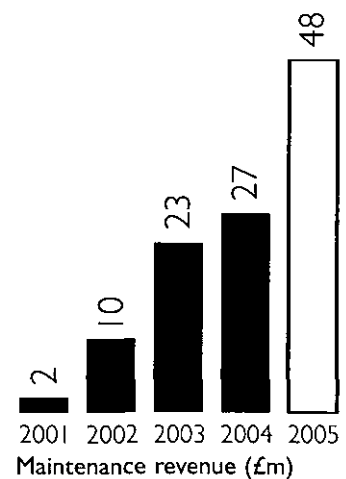
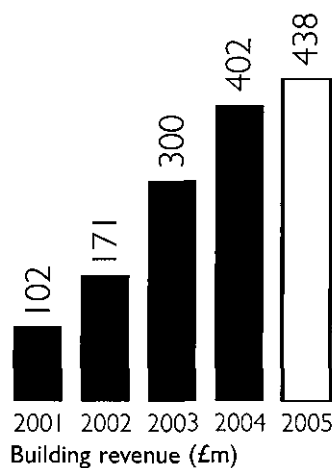
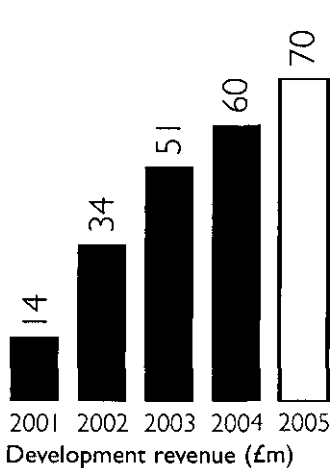
Today we can announce a further £70m of new long term frameworks bringing the total of future expected orders to a record £1.1bn. Firm current orders stand at £330m. The development division has a strong pipeline providing visibility into 2007 and beyond. Rok Maintenance is continuing to grow and the benefits of the investments made to date are beginning to be reflected in the results.

We describe this phase for Rok as 'the end of the beginning'. The strategy has now been tested on a larger scale, the executive team is in place and the opportunities for further growth are significant. We are confident that 2006 should be another year of good progress.

Stephen Pettit
Chairman
21 March 2006

OUR SERVICES

OUR TEAMS PROVIDE DEVELOPMENT, BUILDING AND MAINTENANCE SERVICES TAILORED TO LOCAL NEEDS AND CUSTOMERS' WISHES SUPPORTED BY THE RESOURCES AND EXPERTISE OF ONE OF THE INDUSTRY'S LEADING PLAYERS.



Rok Development

- ★ Business and office parks in prime locations
- ★ Retail and leisure projects
- ★ Mixed use schemes - residential, commercial and industrial
- ★ Experienced development partner
- ★ Innovative approach
- ★ Project conception to completion and beyond
- ★ Creating inspired spaces

Rok Building

- ★ Small projects to larger capital contracts
- ★ Leading social housing provider
- ★ Specialist in regeneration
- ★ Aftercare service
- ★ Dedicated sector delivery
- ★ Well qualified and motivated teams
- ★ Services tailored to local needs
- ★ Turning customers' dreams into practical solutions

Rok Maintenance

- ★ Planned and emergency response
- ★ Protection of properties from wear and tear
- ★ State of the art information technology
- ★ Local delivery supported by national contact centre
- ★ Multi-skilled technicians
- ★ Life cycle cost model
- ★ Retained by leading insurers
- ★ Focusing on service

NATIONAL PRESENCE

Rok has grown, in five years, from a small regional company with half a dozen offices and an annual revenue of £92m to a nationwide business with more than 2,300 employees and sales in excess of £550m. Our size enables us to share resources, increase efficiency, develop expertise and maintain consistent standards and processes.

★ Here are some more of our BIG numbers

4th
LARGEST PLAYER IN
SOCIAL HOUSING
CONTRACT VALUE
IN THE UK

83%

National network coverage
of ALL first tier postcodes

EMPLOYEES ACROSS THE GROUP

2,333

5,260

Kitchens and bathrooms fitted

1,238%

PROFITS INCREASED IN THE LAST 5 YEARS

★ All figures shown are for year ended or as at 31 December 2005

675

SKILLED TECHNICIANS

734

CABINS ON SITE

500,000

Square feet of development projects

£172m

CONTRACT VALUE OF
EDUCATION PROJECTS

35,000

MAINTENANCE JOBS
COMPLETED ACROSS
THE COUNTRY

SHAREHOLDERS' RETURNS DELIVERED OVER THE LAST 5 YEARS

523%

LOCAL FOCUS

Meet five of our Rok stars who typify what Rok is all about.



Andy Goodridge
Development Surveyor
Southampton
page 20



Catherine Tristram
Maintenance Local Service Co-ordinator
Oxford
page 24



Simon Harrison
Contracts Manager
Bolton
page 32



Andy Braund
Area Leader
Torquay
page 16



Joseph Howe
Multi-skilled
Technician
Dartford
page 28

UNIQUE TO ROK'S BUSINESS MODEL IS THAT, WHILST IT HAS GROWN, IT HAS REMAINED TRUE TO ITS HERITAGE AS A LOCAL BUILDER.

OUR TEAMS TAKE A PRIDE IN THE CONTRIBUTION THEY MAKE TO THE COMMUNITIES WHERE THEY ARE KNOWN AND TRUSTED. THEY ARE VALUED FOR THE QUALITY OF THEIR WORK AND EXCEPTIONAL STANDARDS OF SERVICE. THIS LEADS TO HIGH LEVELS OF REPEAT BUSINESS AND CUSTOMER CONFIDENCE.

BUSINESS REVIEW

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OUR STRENGTH LIES IN THE CALIBRE OF OUR PEOPLE AND THE RELATIONSHIPS THEY BUILD IN THEIR COMMUNITIES.

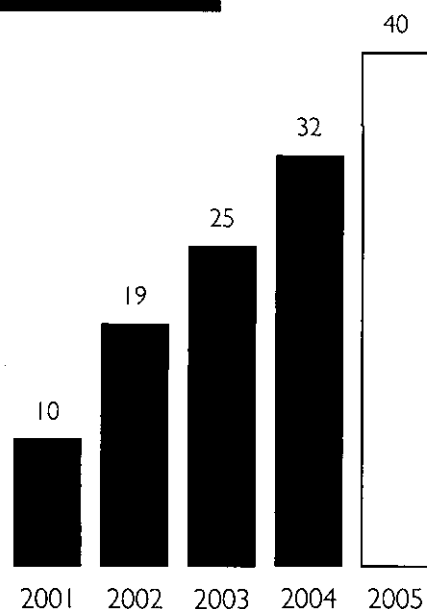


Garvis Snook
Chief Executive



Ashley Martin
Finance Director

Growth in branches



INTRODUCTION

In order to provide greater information and a clear insight into the strategy and objectives of the Company, the Chief Executive's and Finance Director's reports have been replaced by this Business Review. This provides an analysis of the business from the perspective of the directors and covers activities for the year ended 31 December 2005.

OUR BUSINESS, STRATEGY AND OBJECTIVES

Our business

Rok property solutions plc operates in three complementary areas:

- ★ Development
- ★ Building
- ★ Maintenance

The business has grown rapidly in recent years from its West Country beginnings through a series of acquisitions, organic growth and branch openings. Currently, Rok has a significant presence in Northern England, Southern England and Central Scotland, operating in total from 40 branches.

OUR VISION AND STRATEGY

Rok aims to become 'The Nation's Local Builder™' by operating from a network of offices in major towns across the UK, using dedicated teams who live and work in their communities. We believe that local businesses with established reputations are best placed to win long term customer loyalty and identify local development opportunities.

Small independent local builders, however, are at a disadvantage in winning larger contracts or benefiting from the efficiencies, high quality standards and leverage of a larger organisation. Rok's strategy is to bring together the benefits of local focus and national presence.

As a quoted UK company with revenues currently in excess of £550m, Rok benefits from economies of scale, strong purchasing power, financial stability, an advanced IT infrastructure, strategic planning, consistent quality and the considerable training and development opportunities we can offer our people.

Our confidence in our vision and strategy is encapsulated in our three challenging core objectives:

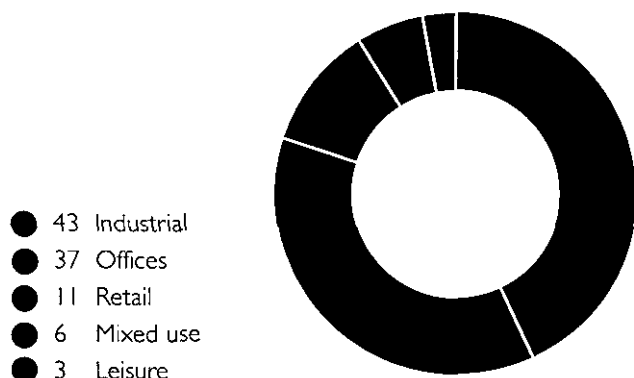
To be the best in local markets - we aim to be recognised as offering superb quality and value and to become an integral part of our local communities.

To be the best employer in our industry - we are dependent on the skills and attitude of our people so we have set out to make Rok the most fun, exciting and rewarding place to work in our industry in order to attract and retain the best people.

To deliver the best financial performance in our industry - through the unique structure of our business and our considered approach to risk, we aim to deliver strong financial performance over the whole economic cycle and outperform all other companies in our sector over the medium to long term.

BUSINESS REVIEW (CONTINUED)

Development projects by type (%)



OUR OPERATIONS

Development

Our development operations are run from five regional offices in Bristol, Crawley, Exeter, Manchester and Southampton. They are staffed by local people who use their knowledge to find the best development opportunities, often working directly with property owners rather than purely buying land in the open market. We seek to minimise risk from our development activity in three principal ways:

- ★ We never have more than 15% of our overall development work in progress as speculative construction.
- ★ Large projects (over £5m capital value) are generally pre-sold before construction commences in order to 'lock-in' returns and ensure stable cash and profit flow.
- ★ We spread our development activities across the country and across sectors.

OUR LOW RISK APPROACH ENABLES US TO PREDICT WITH MORE CONFIDENCE THE REVENUES AND PROFITS THAT WE WILL GENERATE FROM OUR DEVELOPMENT ACTIVITIES.

Our low risk approach enables us to predict with more confidence the revenues and profits that we will generate from

our development activities.

Major developments in the year were industrial schemes at Delta Park and the Nurslings, both near Southampton, and the office scheme at Temple Quay, Bristol.

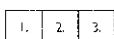
As we look to the future, we currently see no weakening in the demand for Rok Development projects and the division has a strong pipeline of projects providing visibility into 2007 and beyond. The land bank at 31 December 2005 stood at 68 acres compared with 57 acres at the end of 2004. The recently opened office in Manchester will add further to our development capability.

Building

Our Building business covers both smaller scale construction (projects generally up to £5m) and general building projects. Our customer base covers a wide range of sectors - industrial, commercial, leisure, retail and health - as well as public sector bodies. Areas of particular strength and focus are social housing and education. We do not operate in the civil engineering, private housing for sale or PFI sectors.

We undertake building projects that are relatively low risk, avoiding infrastructure and other large scale projects. As a result of this, we aim to generate above sector average margins on our projects.

In the social housing sector, our sales have grown from £75m in 2003 to over £200m forecast for 2006, making us now the



1. Rok Development's Paul Withers (left) gives agents a view from the river of the Temple Quay offices in Bristol.

2. Technician Tom Kirby from one of Rok's newly acquired businesses helped a Rotherham pensioner after vandals knocked down 20 metres of wall outside his home.

3. Rok's Holly Fulbrook and Ian Barker help paint a picture of the new branding.

fourth largest supplier of social housing building services in the UK. This work covers both new build and planned maintenance and has seen substantial growth in both areas under long term framework arrangements.

One of our areas of expertise is refurbishing existing housing stock to the Government's Decent Home Standard, part of the overall investment in social housing estimated to be worth over £10bn per annum for the next decade. The work has high barriers to entry because it requires strong customer relationship skills. Many of the projects involve working with existing occupiers who either remain in the premises during the work or are temporarily relocated. Our relationship approach in the communities in which we operate gives us a great advantage in this sector. We will continue to pursue an increasing share of this work which will provide a low risk revenue stream for many years to come.

We have also established a strong reputation in the area of education. This work is a natural extension to our involvement in the local community. In 2005 we were involved in 52 new build school projects, 56 refurbishment projects and 50 extensions or alterations with a combined contract value of £172m across the UK.

Rok Building's committed order book was £330m at the end of 2005 compared with £280m at December 2004. Rok also has long term partnership arrangements which are now worth over £1.1bn and provide a high visibility of revenues up to 2010 and beyond.

During the year five branches were opened and, coupled with acquisitions in Bolton, Wakefield and Grimsby, brings the total at the year end to 40.

As we expand Rok Building's operations across the UK through organic growth, branch openings and acquisitions, we will continue to focus on creating local businesses, staffed by local people, embedded within their communities. This strategy we believe is the best way to identify, win and deliver new projects.

Maintenance

In 2005, we set out to grow our maintenance business and the result was an increase in sales of 78% from £27m to £48m. We will continue to grow the business in 2006, albeit at a slightly slower pace and we aim to have more than 100 Rok Maintenance units across the UK within the next few years.

As we extend our reach across the UK, the stronger our position becomes to win national and regional maintenance contracts with private enterprises. Each new branch opening also provides the opportunity to build our share of local maintenance work on the back of national contracts. We are currently the largest supplier of domestic and commercial repairs for Zurich, Royal & SunAlliance and Lloyds TSB.

In order to prepare for this level of growth we have invested significantly this year in new IT systems, training and development programmes and recruitment.

HELPING TO SHAPE THE FUTURE OF YOUR HOME TOWN, AS A BUILDER, IS A PRIVILEGE. IT IS EASIER IF YOU ARE PART OF THE COMMUNITY AND UNDERSTAND ITS ASPIRATIONS.

1.	2.	3.
4.	5.	6.
7.	8.	9.

1. Andy and the family pet Jess on one of their favourite Dartmoor walks
2. The former Beach Hotel in Torquay, converted by Rok into luxury apartments
3. Andy's mother Janet and father Ray, who worked for Rok (formerly EBC) for 45 years
4. Children Matthew and Kelly at the house which Andy's grandfather built
5. A thirties 'day out' for Cruse & Bridgeman (now Rok)
6. The team gets together in Torquay Rok Centre
7. The road in Newton Abbot where Andy has lived for 15 years
8. An office charity fitness challenge - to cycle the equivalent distance of Torquay to Aberdeen
9. On site building three all weather courts under an air dome for Torquay Tennis Club

LOCAL FOCUS

TORQUAY

Andy Braund
Area Leader

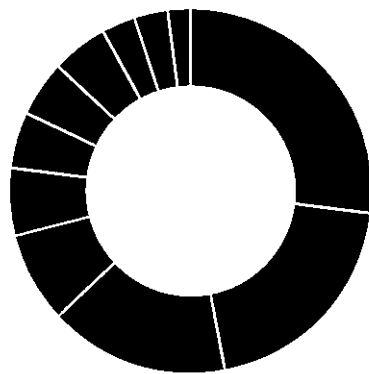
Having followed his father and grandfather into the building company that became Rok, Andy has carved out a career in the area where he has lived all his life. Now responsible for the Company's thriving Torquay business, Andy is keen to encourage more young people into the industry and is a member of the Construction Employers Forum at the local college. Married with two children, Andy plays golf and enjoys walking on Dartmoor. "I consider myself very fortunate to be working in an area I love, where I have made so many really good long term friends of both colleagues and customers," says Andy.

A little girl, who 'looks like an angel', has united teams from Rok and Tor Homes in fund-raising efforts for The Children of Chernobyl Project UK.

BUSINESS REVIEW (CONTINUED)

Building and Maintenance activity by sector (%)

- 27 Social housing
- 20 Commercial
- 16 Education
- 8 Insurance
- 6 Health
- 5 Industrial
- 5 Domestic
- 5 Leisure
- 3 Retail
- 3 Other
- 2 Defence



We are seeing a significant demand for a truly national, property maintenance service as major organisations rationalise their supplier base and seek a one-stop, guaranteed quality supplier of such services. Rok Maintenance is creating such a service and we are investing significantly to achieve it. As the benefits of this investment come through, we anticipate further significant growth and an increase in margins from improved productivity and further economies of scale

WE ARE SEEING A SIGNIFICANT DEMAND FOR A TRULY NATIONAL, PROPERTY MAINTENANCE SERVICE.

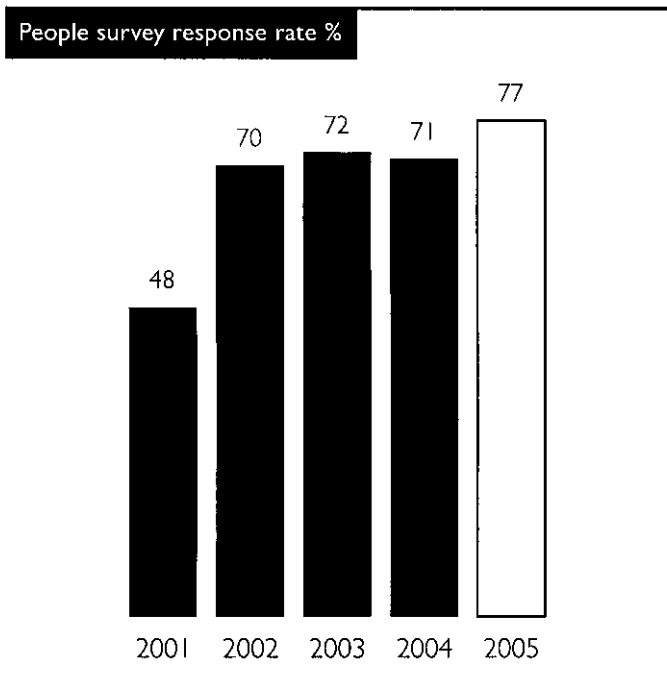
OUR MARKETS

The overall market for construction and building services in the UK is estimated to be worth over £100bn at current prices. Rok operates in the general building and maintenance segment of this market which is worth about £35bn. We therefore have a current share of our target market of approximately 2%.

In recent years, growth in the building industry has been driven primarily by increased Government spending in housing, education and health sectors. In 2005, contrary to forecast, the industry shrunk by about 0.8%, mainly because publicly-funded expenditure was well below expectation.

This year, forecasts for the industry predict growth of 1.4% followed by 1.5% in 2007 and 1.2% in 2008, although these figures depend largely on the Government keeping to spending plans. With signs of weakness in the UK economy any slowdown in public spending would inevitably affect the building industry. However, the impact might not be felt for 12-18 months while existing projects are completed.

Rok is better placed than most of our competitors to cope with a downturn in public sector spend. Firstly, the market segments in which we operate are less likely to experience severe cutbacks with the Government having committed to investing substantially in social housing and education programmes which will provide projects worth around £15bn annually over the next decade. Secondly, our maintenance work helps to sustain a resilient revenue stream even during a downturn in building projects.



OUR RESOURCES AND RELATIONSHIPS

Our people

As a service business we aim to differentiate ourselves from our competitors through the quality and commitment of our people.

We have set out to make Rok an exciting, stimulating and rewarding place to work in order to attract and retain the best people. Our benchmark for employee satisfaction is the best practice in companies across all sectors and, accordingly, we aim to be among the Sunday Times '100 Best Companies to Work For'. We were therefore delighted when, at our first attempt last year, we were recognised as one of these companies and even more pleased to move up significantly in those rankings this year.

Our own internal annual people survey, managed by our Communication Group, made up of elected employee representatives, showed a 77% response rate this year. Such a level of response in a large dispersed population is recognised as demonstrating good morale and alignment with a company's values and objectives, acting as a positive indicator of future financial performance.

We are committed to building a shared culture based on common values that underpin the way that everyone within Rok works. We have developed a three-day residential induction programme called 'Taste of Rok'. All employees - technicians, secretaries, managers and Board directors - attend the programme together to understand the values of Rok before they start work. During 2005, 615 new employees attended this programme.

Our approach to reward and recognition is unique in the industry. Everyone at Rok is employed on the same basic terms and conditions in relation to holiday, sick pay, pensions, health care and share schemes. We invest extensively in training, development and mentoring and in providing opportunities for leadership and initiative. Many of our established offices are accredited 'Investors in People'.

Our Communities

All Rok branches aim to serve and support the communities in which they are based and bring tangible improvements to the lives of people around them.

Working in the communities where we live, we strongly support local organisations and charities. Our work brings our people into daily contact with schools and housing associations. As a result, we sponsor sports teams, provide mentoring, run careers days and lend practical support. The Board encourages everyone in Rok to take an active role in their communities and support local causes.

Rok Community Challenge was developed from a desire to make a real difference to our communities by pooling resources and practical skills. The initiative has taken on a momentum of its own.

In 2005, our Exeter office, for example, completed three separate challenges where employees and residents worked together to give neglected public buildings makeovers worth in excess of £15,000. In one weekend alone, more than 100

**MORE THAN ANY OTHER BUSINESS,
DEVELOPMENT IS ABOUT RELATIONSHIPS. A
THOROUGH KNOWLEDGE OF LOCAL MARKETS
AND STRONG RELATIONSHIPS WITH THE KEY
PLAYERS GIVE US THE EDGE.**

1.	2.	3.
4.	5.	6.
7.	8.	9.

1. Construction of the Swift Distribution Centre near the M27 which is already pre-let and sold.
2. Andy's parents Mike and Chris Goodridge
3. The waterfront at Ocean Village Marina, Southampton
4. About to tee off at East Horton Golf Course in Fair Oak
5. Andy's cat, Murphy
6. Daughter Isabel
7. Andy and Sophie held their wedding reception at Rhinefield House in the New Forest
8. View of Southampton from Andy's office in Brunswick House
9. Office chill out area, Rok Development, Southampton

LOCAL FOCUS

SOUTHAMPTON

Andy Goodridge
Rok Development Surveyor

Andy was born and educated in Southampton where he now works for Rok Development. His parents live just 25 minutes away from the home he shares with his wife Sophie and their baby daughter Isabel. A fan of Saints - Southampton Football Club - Andy plays for a local football team and is a keen golfer. Last year he ran in the London Marathon for Wessex Cancer Trust of which his area director is Chairman. "Graduating in Southampton and having worked in the city since then, I have grown up with many of the main people involved in the local market," says Andy. Among his current projects is the Swift Distribution Centre, recently sold ahead of completion for £7.4 million. "I drive past it every day and I am very proud to be part of it".

Sophie and Isabel

BUSINESS REVIEW (CONTINUED)

volunteers worked on a Community Centre: re-plastering and re-decorating, installing cupboards, worktops and kitchen units and providing new toilets.

Our Crawley office also completed three challenges and there have been similar efforts all round the country to create children's playgrounds, a day centre garden and in one case tidying up an infants' cemetery.

We recognise that by investing our skills and energies in local communities we build long term relationships. These bonds of trust help us to win and carry out new work to the mutual benefit of both Rok and the community.

Our supply chain

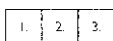
Rok has a long term strategy to work more closely with a reduced number of suppliers and subcontractors. This reflects a belief that working more closely with fewer partners will bring benefits to Rok, its customers and its chosen partners. 2005 saw a focus on material purchases, with preferred agreements with key suppliers covering over 70% of material spend. This has resulted in a reduction of core suppliers from 250 down to 50. In 2006 we will focus on working more closely with fewer subcontractors in key trades. We will do this through working on a programme of Supply Chain Management, ensuring a local focus with an emphasis on service delivery. Our aim is to achieve a 50% reduction in the number of providers of key trades we currently work with over the next 12 - 18 months. This will ensure we have more of a partnership-type approach with companies who share Rok's values and culture.

Our customers

One of Rok's four internal values is to 'delight our customers'. Our customers cover a wide variety of market sectors including commercial, industrial, health, education, social housing, local authorities, leisure, insurance and charitable trusts. Within these sectors we have many different interfaces ranging from strategic decision makers to domestic tenants and residents. Building trusted customer relationships is therefore a key objective for all our employees.

During 2005 Rok commissioned NOP to gather feedback from our customers. Each of our offices received information on their own performance and as a result has been able to generate specific action plans to improve customer satisfaction. Overall the results showed that Rok is appreciated by customers for the quality of its delivery and especially for having good working relationships with high levels of trust. More than 80% of customers said that they would use Rok again and would recommend Rok to others. Using the NOP survey, service standards have been developed to ensure greater consistency of delivery across our office network.

Our brand has been developed to reflect the culture and values which enable us to build strong relationships with our customers and to deliver exceptional service. We want the Rok brand to be recognised internally and externally as representing quality, reliability, professionalism and fun. Our unique market position and business model is encapsulated in the phrase 'The Nation's Local Builder™' which will now appear alongside the Rok logo.



1. Rok's community challenge in Glasgow revamped a much loved community hall.

2. Dave Wainwright, Craig McKillop, Jamie Bell, Bruce MacDonald and Nic Clark who are on Rok's Leadership @ Altitude course to provide the business with future leaders from within.

3. John Hogg from Rok's Airport Team and helpers pictured during the Rok-led transformation of an adventure playground in Crawley.

Our shareholders

The Board recognises that one of its main roles is to create value for the owners of the Company. In the past five years, our success has led to a 523% return to shareholders. However, as stated by the Chairman earlier in this Report, we describe this phase for Rok as "the end of the beginning" and the need to create shareholder value remains at the heart of our business strategy.

IN THE PAST FIVE YEARS, OUR SUCCESS HAS LED TO A 523% RETURN TO SHAREHOLDERS.

In addition to capital growth, we recognise that dividend income is important to shareholders. In 2004 the Board reviewed its dividend policy and stated its intention to bring dividend cover down towards the sector average over a two-year period. This has resulted in significant dividend growth for shareholders.

In 2005, the Board paid an interim dividend in October of 3.75p and is now recommending a final dividend of 8.25p per share. This makes a total of 12.0p for the year, an increase of 43% on last year. For 2006 onwards the Board intends to grow dividends broadly in line with the growth in diluted earnings per share.

RISK MANAGEMENT

Our aim of becoming 'The Nation's Local Builder'TM is designed to be risk averse, as our businesses are structured to be

operationally and financially complementary. In 2005 we developed and introduced a class leading approach to risk management, which supports our strategy of local focus and national presence.

We start with clear messages about our business, our vision and our strategy, 'what we do and what we don't do'. Each of our empowered businesses have clear parameters in which they operate. This is supported by a robust evaluation, approval and measurement process.

The annual business plan process includes a formal review of the full range of business risks and opportunities that are linked to our short term ambitions. This process is driven up through the organisation from our network of 40 local branches. The medium and longer term risks and opportunities are reviewed by the PLC Executive Team and combined with those raised locally, all of which provides us with a comprehensive profile for the whole organisation.

Key risks and opportunities are then reviewed each month at our performance review meetings with a complete re-evaluation every quarter.

The whole process is overseen by Rok Assurance, our internal audit function. With a responsibility to the Chairman of the Audit Committee, their programme of validation, control reviews and sharing of best practice covers the whole range of Rok's operations.

KNOWING YOUR LOCAL AREA MEANS YOU CAN UNDERSTAND YOUR CUSTOMERS' MAINTENANCE REQUIREMENTS BETTER, PLAN THE WORK MORE EFFICIENTLY AND PROVIDE A MORE EFFECTIVE SERVICE.

1.	2.	3.
4.	5.	6.
7.	8.	9.

1. Catherine's family home in Hinksey just outside Oxford
2. Some of Catherine's show rosettes
3. Pegasus Primary School where Rok carries out planned and reactive maintenance for Oxfordshire County Council
4. Inside Pegasus Primary where Rok is building a nursery school extension
5. Catherine and her father Chris outside John Radcliffe Hospital where she was born
6. Brother Philip is a local driving instructor
7. One of Catherine's two dogs, Meg
8. High Street, Oxford
9. Rok has developed its own IT system to track maintenance services

LOCAL FOCUS

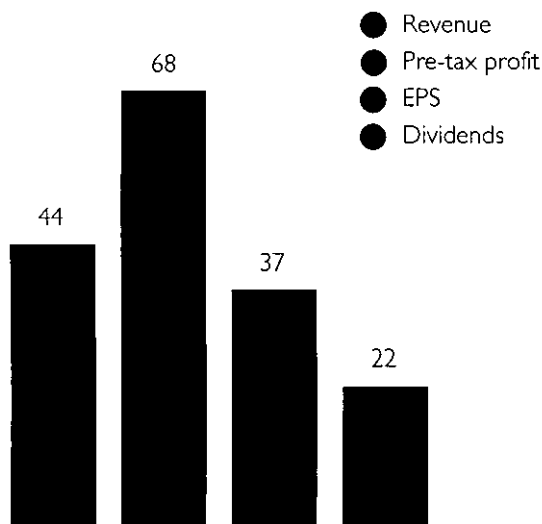
OXFORD

Catherine Tristram
Maintenance Local Service
Co-ordinator

Any spare moment Catherine has is spent riding horses around the Oxfordshire countryside where she was born and raised. She also buys ponies which she trains for riding and then sells. Her father Chris is a building surveyor and one of his first jobs when he moved to Oxford was the maternity ward at John Radcliffe Hospital where Catherine was born. Her mother is a nurse at the same hospital and one of her brothers, Philip, runs his own driving school in the city. Catherine joined Rok as a temp and when the opportunity came to work for the Maintenance team she leaped at it and has not looked back.

BUSINESS REVIEW (CONTINUED)

Compound annual growth rate (%) 2000-2005



2006 sees the launch of 'The Rok Way' which will capture, design and deliver the key characteristics that we expect to see in each and every Rok business. Our challenge is to ensure consistent delivery of the key operational processes across our range of services and offices. We want our people to continue to feel able to be innovative within a framework of clear standards, processes and metrics. This semi-franchise approach will enable us to grow market share and increase profitability whilst ensuring a strong control and risk management environment.

FINANCIAL POSITION

Overview

2005 has been another successful year for the Group with turnover, profit, margins and earnings per share all at record levels. This has been particularly pleasing considering the scale of investment we have made in Rok Maintenance which has grown substantially over the last year. Cash generation has been strong which has funded a further increase in the Rok Development land bank to support future profitability. Overall the balance sheet is strong, gearing is low and the Group is well placed financially to execute its strategy of becoming 'The Nation's Local Builder™'.

These results continue the strong performance of the business since the launch of our new strategy five years ago. In that time, the compound annual growth rates in the key financial metrics are as illustrated above.

Group performance

For 2005 Group revenue increased 12% to £555.8m, pre tax profits rose 38% to £16.1m and basic earnings per share grew 35% to 42.3p. Excluding the exceptional costs incurred in respect of the closure of Spaceage and amortisation of intangible assets, pre-tax profits grew by 21% from £13.9m to £16.8m, and earnings per share increased 14% from 38.7p to 44.0p. Group operating margins increased from 2.9% to 3.5%.

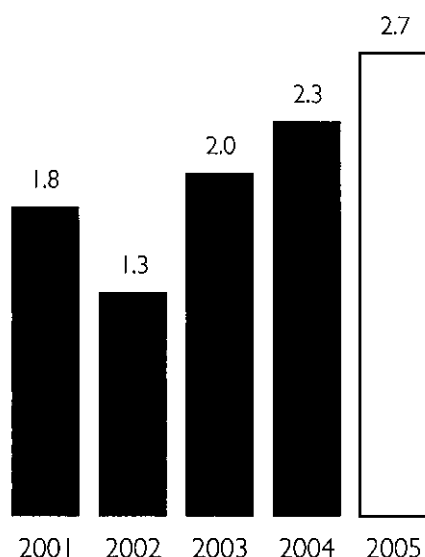
THESE RESULTS CONTINUE THE STRONG PERFORMANCE OF THE BUSINESS SINCE THE LAUNCH OF OUR NEW STRATEGY FIVE YEARS AGO.

Divisional performance

Revenue in Rok Development was up 16% on 2004, rising from £60.3m to £69.7m with a 4% increase in operating profit to £9.4m. Operating margins at 13.5% are well within our target range of 12% to 15% and reflect careful site acquisition generating significant demand from quality tenants, resulting in strong yields on sale.

Rok Building has increased the proportion of its activities in lower risk and higher margin building projects with a consequent shift away from larger construction projects which carry higher risk and are typically won on the basis of a tender. This focus is reflected in the results with turnover up 9% to £437.9m and operating profits increasing 26% to £11.8m. Operating margins

Building margin growth %



improved again from 2.3% to 2.7%. Excluding acquisitions, which contributed £36m to revenue and £1.5m to operating profit, like for like revenue was level, with operating profits up 10% to £10.3m. Like for like margins increased from 2.3% to 2.6%.

Rok Maintenance has been experiencing dramatic growth as a result of recent appointments on long term partnership contracts by national clients Zurich, Royal & SunAlliance and Lloyds TSB. Revenue has grown 78% from £27.1m to £48.2m. This growth has required significant investment in recruitment and training of some 300 extra technicians, an expansion of the Glasgow contact centre and account management teams together with the development of proprietary IT systems. Operating profits, as a result grew £0.1m to £1.3m, with margins falling from 4.4% to 2.8%.

Taxation

The tax charge of £4.4m (£3.7m in 2004) reflects an effective rate of 27.3% (31.6% in 2004). The 2005 charge benefits from the utilisation of prior year tax losses not previously recognised, whilst the 2004 charge reflects the impairment of consolidation goodwill not deductible for corporation tax purposes. In the future we expect the tax charge to be slightly above the standard 30% rate of corporation tax reflecting items disallowed for tax purposes.

Accounting policies

IFRS

The 2005 results are the first full year results that the Group has prepared under International Financial Reporting Standards (IFRS). Whilst the presentation of the profit and loss account, balance sheet, cash flow and accompanying notes has changed there has been no significant impact on either the Group's profits or net assets. A full reconciliation of the 2004 results and assets and liabilities as reported under UK GAAP to IFRS is included on page 59.

The key changes resulting from IFRS are as follows:

Goodwill - IFRS 3 requires that for acquisitions, a value is attributed to all separately identifiable intangible assets and these are amortised over their useful lives. The difference between the consideration paid and the fair value of net assets acquired is attributed to goodwill, which is not amortised but held in the balance sheet at cost and subject to annual impairment testing.

Pensions - IAS 19 (amended) which the Group has adopted early is broadly consistent with FRS 17, which was implemented in 2004.

Share based payments - IFRS 2 requires the likelihood of achieving market based performance conditions, such as total shareholder return under the Long Term Incentive Plan, to be incorporated into the fair value of the award at the date of grant with no subsequent adjustment. Previously the charge to profits was impacted by such market based performance.

WORKING IN LOCATIONS YOU KNOW WELL
PROMOTES A FEEL GOOD FACTOR AND GIVES
YOU THE OPPORTUNITY TO PUT SOMETHING
BACK INTO THE COMMUNITY WHICH SUSTAINS
YOU.

1.	2.	3.
4.	5.	6.
7.	8.	9.

1. Joseph's father, Oliver, a plasterer
2. Son Kaziah learning the martial art Wing Chun from Dad
3. Malsons Road near Joseph's home in Lewisham
4. Joseph at home working on his novel
5. Redecorating a flooded flat for an insurance customer
6. Checking where everyone is on the work schedule
7. Daughter Akielah
8. Arriving for the next maintenance job
9. With the team in the Dartford office

LOCAL FOCUS

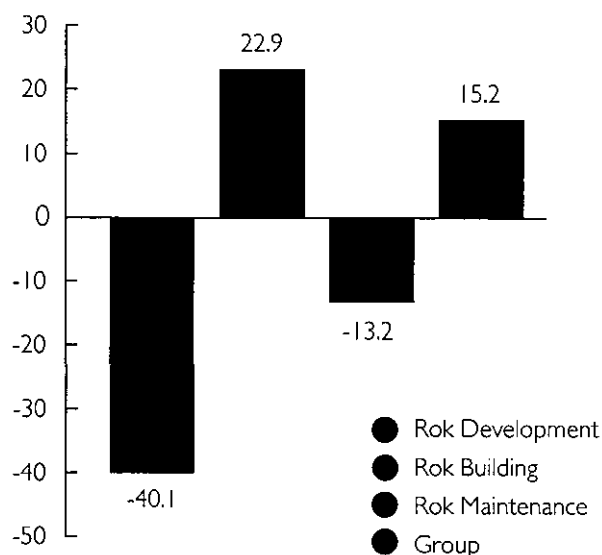
DARTFORD

Joseph Howe
Multi-skilled Technician

What Joseph most enjoys about his job is working in his own community. Before he joined Rok he travelled all over the country but says the feel good factor of working in familiar places among people he knows is much greater. The son of a plasterer, Joseph grew up in South London where he now lives with his wife Cecilia and their two small children. Having learned much from his father he now has an apprentice assigned to him so he can pass on his skills. As well as writing a novel in his spare time, Joseph takes local children for football training.

BUSINESS REVIEW (CONTINUED)

Net debt analysis (£m)



Proposed dividends - IAS 10, 'Events after the balance sheet date' requires that proposed dividends can no longer be accrued in the accounts until they are approved by shareholders.

Key accounting policies

The key judgemental accounting policies which impact on the results are the basis of profit recognition in both the Development and the Building businesses.

In Rok Development, profits are only recognised on legal completion of either a land sale or the sale of a whole development such that the risks and rewards of ownership pass to the purchaser. In situations where a development is pre-sold, before building work has commenced, the fair value of the profit on the development at that stage is recognised taking into account the financial risks associated with construction of the building, the extent of any unlet floor space and any guarantees provided to the purchaser. This policy is applied consistently from year to year.

For Rok Building profit on long term contracts is based on the anticipated final outcome of each individual contract when the outcome of that contract can be assessed with reasonable certainty. The anticipated final outcome of each contract is assessed on a monthly basis through a detailed cost and value reconciliation. Profit is calculated pro rata based on the value of work completed at the balance sheet date as compared with the total expected value of the contract. This policy has been applied consistently from year to year.

Capital structure

The Group's activities are financed through a combination of share capital, retained profits and long term borrowing. Borrowing is used principally to fund Rok Development. In addition the working capital cycle of Rok Building tends to generate cash which is pooled and used to offset the Group's borrowing needs at any one time.

The Group's overall strategy is broadly to fund long term assets with equity and committed long term borrowing, consistent with minimising the weighted average cost of capital.

The net assets at 31 December 2005 employed in the business amounted to £51.3m, represented by share capital of £35.9m together with £15.4m of retained profits. Net assets have increased by £15.3m over the prior year. The Group had £15.2m of net debt at the year end making total capital employed of £66.5m.

The Group net debt at the year end of £15.2m breaks down as shown in the graph above. Rok Development's borrowings of £40.1m are to fund investment in land and the development of buildings prior to sale. The cycle is typically 18 months to three years before an investment is realised.

Rok Building generates cash from its construction operations, usually ensuring it is paid by customers in advance of the payment of sub-contractors. The year end net debt was £22.9m but this varies significantly throughout each month.

1.	2.	3.
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1. Rok's Mac Vencatachellum with Helen Farrel in her new kitchen in London

2. Bristol area leader Charlie Scherer and Rok technician Ken Sage with Mrs Edna Clark at a surprise tea party for residents of Anchor Trust owned St Clements Court.

3. Redruth site managers Colin Postlethwaite and Rob Dymond with their National House Building Council (NHBC) Accredited Site Manager qualification pictured with Rok contracts manager Shaun Stapleton (centre).

Rok Maintenance is currently absorbing cash of £13.2m due principally to the working capital cycle with directly employed labour being paid monthly before work in progress and debtors are converted to cash. We expect this to improve as more of the processes are automated through IT solutions.

The PLC has £15.2m of cash through funds raised from shareholders or dividends paid up by subsidiaries.

Average net borrowing during 2005 was £38m, up from £17m in 2004, as a result of funding the acquisition of Durose & Gourlay with debt of £6.9m and an increase in the Rok Development land bank and work in progress of £10.9m. Year end gearing (before pension provisions) was 21% compared to 18% in 2004. Average gearing during the year was 61% compared to 37% in 2004. The Group's policy is to maintain average gearing between 50% and 75% of net assets (before pension provisions).

As we expand the Rok network of offices across the UK, acquisitions will be funded by a mixture of retained profits, further bank borrowing or equity issues as appropriate determined by the internal limits placed on our gearing.

Treasury policies and objectives

Treasury activities are managed by the PLC finance team, which is responsible for optimisation of short term liquidity, long term funding requirements, monitoring and management of interest rate risk and development of the Group's banking relationships.

The Group's liquidity policy is to ensure that it has sufficient funding in place to meet the growth anticipated arising from the annual budget and its 3-year strategic plan, excluding any acquisition activity. The Board aims to keep committed facilities of 125% of maximum expected borrowings. At the year end the Group had total bank facilities of £58.3m split as follows:

Unsecured 3 year revolving credit facility expiring November 2008	£45.0m
Unsecured 364 day working capital facility expiring December 2006	£10.0m
Secured overdraft facility	£3.3m

The revolving credit facility, under which interest is now charged at 1% over base rate, is split between two principal banks and was increased during the year by £10.0m to fund the purchase of Durose & Gourlay. The facility is extended each year under an 'evergreen' option following a review with the banks concerned. The facility is subject to two covenants tested quarterly and which have been met during the period:

Net debt to EBITDA	(maximum of 3x)
Interest cover	(minimum of 3.5x)

At the year end the Group had drawn £39.3m on its revolving committed facility, offset by a net £29.1m of short term cash. Undrawn bank facilities at the year end were £10.4m. The peak borrowing during the year was £49.5m.

IT IS EASIER TO GET THE BEST OUT OF PEOPLE YOU ARE WORKING WITH IF YOU HAVE GROWN UP IN THE SAME AREA, KNOW WHAT MAKES THEM TICK AND UNDERSTAND THE WAY THEY THINK.

1.	2.	3.
4.	5.	6.
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LOCAL FOCUS

BOLTON

1. Plans for work on Ashworth Street Estate where Rok Durose & Gourlay are building new bungalows and converting flats
2. Father Les at work as a turner
3. The site office at Ashworth Street where there is a mixture of refurbishment and new build
4. The current phase of work at Ashworth Street is worth around £5.5million pounds
5. Simon's wife Emma at home
6. Batting for Farnworth Social Circle Cricket Club
7. The Town Centre, Bolton
8. In the joinery workshop where Simon started his apprenticeship
9. Simon's young nephew Sam

Simon Harrison

Contracts Manager

Born and bred in Bolton, Simon lives with his wife Emma not far from where he grew up and where his parents still live. He started his career as an apprentice in the company's joinery shop. Having studied for a BSc in Building Surveying, he is now reading for his Master's at Bolton University. Simon has a desk in the offices of Twin Valley Homes, working in partnership with the Association building and refurbishing its properties. He still finds time to play football and cricket for his local team and is vice-captain of Farnworth Social Circle Cricket Club.

Simon's favourite restaurant The Bali House

BUSINESS REVIEW (CONTINUED)

Acquisitions and equity raising

In May 2005, the Group acquired Durose & Gourlay, a business operating in the North West of England in the social housing sector, for a total consideration of £13.4m satisfied by the issue of 623,441 new Rok shares, £5.0m in loan notes and the payment of £5.0m in cash. The cash element of the consideration was funded by increased bank facilities.

In July 2005, the Group acquired Topcon Builders & Contracting Ltd and Lemmeleg Ltd, building businesses operating in Lincolnshire and Yorkshire respectively, for a total consideration of £4.6m satisfied by the issue of 45,568 new Rok shares to the respective vendors and the payment of £4.3m in cash. The cash element of the consideration was funded through a placing of 1,361,000 new shares to institutional shareholders at a price of 515p to raise £7.0m.

As the construction sector consolidates, particularly amongst private companies, we see many opportunities to extend Rok's geographic coverage across the UK. The culture of our business operations, its people focus and empowered management style is becoming increasingly attractive to potential vendors who can continue to grow their businesses under the Rok umbrella.

Cash flow and interest

The cash profiles of each of our businesses are complementary. The cash generated by Rok Building is effectively used to offset borrowings that fund the growth of Rok Development where we make higher margins. Our maintenance activities we expect in time to be less cash absorptive as we streamline systems and

automate processes. Working capital management is therefore a key focus of our businesses due to the significant inflows of cash from clients and outflows of cash to suppliers and sub-contractors.

Cash generation during the period was strong and, before re-investment in the growth of development work in progress, amounted to £18.5m equating to 95% of operating profit.

The cash flow can be summarised as follows:

	£m
Operating cash flow before reinvestment in development activities	18.5
Additional investment in development activities	(10.9)
Operating cash flow	7.6
Net interest, dividends and tax	(7.0)
Capital expenditure	(3.3)
Acquisitions (less cash acquired)	(5.7)
Joint ventures and investments	1.1
Share issue	7.0
Net cash flow	(0.3)
Loan notes issued	(5.0)
Increase in net debt	(5.3)

Interest paid on borrowings amounted to £2.4m, an increase of £1.0m over the prior year. The Group's interest rate policy is to match interest rate risk to the underlying businesses, to ensure adequate interest cover is maintained in accordance with policies approved by the Board and to comply with banking covenants.

1.	2.	3.
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1. Crawley Building Team Leader Darren Burns on the Rok sponsored climbing wall at K2, Crawley.
2. Site manager Raymond Lee beside the toy store donated by Rok during improvements to St Matthias School, Stoke Newington.
3. Fifth year pupils from Shiremoor Primary School in North Tyneside with Rok's Andy Ray.

The Board has set a minimum level of interest cover of five times. All borrowings are at floating rates. A 1% change in interest rates would have an impact of approximately £0.4m on reported profits.

Pensions

The Group has two defined benefit pension schemes both of which were closed in 2003 to future service accrual and to new members. The gross liability before deferred tax relief provided for at 31 December 2005 as calculated under IAS 19 is £28.2m. This represents an increase of £3.0m over the position at 31 December 2004 and reflects assumptions for improvements in expected mortality and a decrease in bond yields, both of which serve to increase the net present value of liabilities under the schemes.

During the year, full actuarial valuations of both schemes were undertaken, the results of which were consistent with the IAS 19 valuations described above. The Group has agreed with the schemes' trustees to fully fund the liabilities over a ten year period commencing in October 2003. In 2005 the Group has been paying contributions to the schemes totalling £3.0m per annum. As a result of the new actuarial valuations, the annual contributions will increase to £3.3m per annum from 2006.

The Group operates a defined contribution pension scheme, 'Rokplan' and makes contributions dependant upon the level of contributions made by employees. 64% of all employees are now members of Rokplan.

CORPORATE SOCIAL RESPONSIBILITY

Our aim to be 'The Nation's Local Builder™' requires us to be mindful of our responsibilities to our people, our environment and our communities.

Looking after our people

As a board we are unhappy to hear of anybody being injured at one of our work locations. We have therefore in recent weeks completely reorganised our Health and Safety support team and embarked on a major training programme behind the simple objective of 'Home safe each and every day'. We are committed to reducing our accident frequency rate by 10% per year.

Accidents at work are often the result of a number of small errors or breaches that combine to create a dangerous situation. To reinforce the importance of strict adherence to procedures requires a fresh and engaging approach. One of our Health and Safety initiatives is an interactive training day involving actors playing out various scenes. The key message is that everyone at Rok must take responsibility for his or her own safety and the safety of others.

In our annual employee survey, 80% of our people felt that we gave them the right level of guidance on safety risks relating to their work. This was the highest score recorded by the independent survey organisers for any business.

BUSINESS REVIEW (CONTINUED)

Creating sustainable developments

Together with our partners, Rok has led the way in pioneering innovative construction methods for creating sustainable and affordable housing.

South Somerset Homes and Rok together completed houses for under £60,000 each in just 12 weeks using timber frames. In London we have embarked on our third scheme for The Hyde Housing Group using a modular system which creates housing capable of being dismantled and reassembled in a new location if required.

In Dorset, advances have been made in environmentally friendly housing. An 'eco-village', built on disused land for Western Challenge, uses factory-made frames for homes incorporating solar panels that power a heating system which won the Queen's Enterprise Award for Innovation in 2004.

Another innovative Rok project was the building of a SMART home fitted with a remote control unit to assist a disabled tenant with a range of tasks from opening the front door to detecting a gas leak.

Rok was also the builder behind the award-winning Jubilee Library in Brighton which collected this year's Prime Minister's Better Public Building Award. The library incorporates an array of features designed to lower energy consumption and minimise its environmental impact. The judges commented that they had "rarely seen a building so good anywhere".

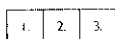
At the same time, our sustainability team, which works with Forum for the Future, captures examples of good practice at local level and disseminates them to all parts of the business.

Protecting the environment

We are committed to reducing, as far as possible, the impact of our activities on the environment, both on site and in our offices. We have developed considerable materials expertise which enables us to select the most suitable products for a project and handle them in a way that minimises their environmental impact.

In 2006 we will focus on minimising waste. This is an urgent priority for the industry which produces 17% of the UK's total waste, only a fraction of which is recycled. A number of Rok sites will pilot working practices aimed at reducing waste through more efficient use of materials and careful segregation of waste. These pilots will increase our understanding of the challenges and enable us to set meaningful targets.

Rok is committed to ensuring that all the timber used in its business has been sourced with the least possible damage to the environment. We work closely with our suppliers to ensure that the timber we purchase comes from verifiable sources with secure chains of custody and which meet minimum standards of good forest management. Our longer term objective is to be able to demonstrate that all the timber used in our business is sourced from forests that are independently certified in accordance with internationally recognised schemes or are managed to an equivalent standard.



1. Site manager Pippa Trout was winner of the national Sir Ian Dixon Scholarship awarded annually by the Chartered Institute of Building (CIOB) and Worshipful Company of Constructors.
2. Rok's North West area director Rob Bath (above) with actor Andy Thomas after a session of the company's innovative form of health and safety training.
3. Work underway on affordable housing near Liskeard, using innovative construction techniques that require half the time taken to provide traditionally built homes.

Community partnerships

Brighton and Eastbourne Rok Centres have signed up for Community Mark which is a new initiative backed by the Home Office and Small Business Service aimed at encouraging companies to develop a community programme involving employees with a specific community partner.

Our Yeovil branch continues to win plaudits for its work with schools while Taunton won a Somerset Business Award for its contribution to education and Manchester is working with the Salford Business Education Partnership.

For several years, Rok has been a keen supporter of The Wooden Spoon, rugby's official charity for disadvantaged children and young people. 2005 saw the launch of the Rok Golf Tour which culminated in a final at the Belfry and raised around £30,000 to be spent locally in the areas where the golf days were held.

**THIS ENVIRONMENT PROVIDES A
TREMENDOUS OPPORTUNITY FOR ROK
TO GROW AND WE ARE DETERMINED
TO HARNESS THAT POTENTIAL.**

IN SUMMARY

The development, building and maintenance industry in the UK is highly fragmented. There are circa 50,000 companies operating in this sector of the industry with a skilled workforce of just 500,000. The inevitable result has been inefficiency and inconsistent quality. The focus in recent decades has been to achieve competitive advantage by driving down costs rather than by creating value. The industry has been slow to learn from others how to develop supply chain relationships, maximise the potential of IT and invest effectively in a labour force that is in short supply.

This environment provides a tremendous opportunity for Rok to grow and we are determined to harness that potential.

Garvis Snook
Chief Executive

Ashley Martin
Finance Director
21 March 2006

WHO LEADS OUR COMPANY

1.	2.	3.
4.	5.	6.
7.	8.	9.

1. Sue Moore
2. Stephen Pettit
3. Chris Bailey
4. John Samuel
5. Garvis Snook
6. Ashley Martin
7. Ian Ellis
8. Gillian Camm
9. Julian Turnbull

DIRECTORS

Stephen Pettit

Chairman (54)

Appointed as a non-executive director on 1 January 2005 and became Chairman on 28 April 2005. Stephen is a director of National Grid Plc, National Air Traffic Services and Halma Plc. He was previously a director of Cable and Wireless Plc and with BP plc.

Gillian Camm

Senior Independent Director (46)

Joined the Board as a non-executive director in 2002 and became senior independent director in February 2006. Gillian is also a member of the General Medical Council, where she is Chair of Fitness to Practise. She was previously an executive director of Clerical Medical Investment Group and a non-executive director of the Immigration and Nationality Board of the Home Office.

Garvis Snook

Chief Executive (53)

Appointed as Chief Executive in June 2000, since when he has overseen a substantial increase in the Company's scale, profitability and shareholder value. Garvis was formerly a regional managing director of Morgan Sindall plc.

Chris Bailey

Independent Director (60)

Appointed as a non-executive director in March 2005. Chris is a Chartered Accountant and is also a director of Ultra Electronics Holdings plc. He was previously Group Finance Director of Aggregate Industries plc.

Ian Ellis

Independent Director (50)

Appointed as a non-executive director on 8 February 2006. A Chartered Surveyor, Ian is an executive director of Land Securities Group plc and Chief Executive of Land Securities Trillium, the UK's leading property outsourcing company.

Ashley Martin

Finance Director (47)

Joined the Board as Finance Director in 2003. A Chartered Accountant, Ashley worked previously for media services company, Tempus Group plc, where he was Group Finance Director.

Sue Moore

Brand Director (47)

Appointed as Brand Director in October 2004. Sue worked formerly as Head of Brands at British Airways plc and with Unilever plc.

John Samuel

Operations Director (53)

Appointed as Operations Director in October 2005. John is an experienced construction professional who worked previously for Balfour Beatty for 23 years.

BOARD COMMITTEES

Audit Committee

Chris Bailey (Chairman), Gillian Camm and Ian Ellis

Nomination Committee

Stephen Pettit (Chairman), Chris Bailey, Gillian Camm and Ian Ellis

Remuneration Committee

Gillian Camm (Chairman), Chris Bailey and Ian Ellis

COMPANY SECRETARY AND REGISTERED OFFICE

Julian Turnbull

Rok property solutions plc
Rok Centre, Guardian Road
Exeter Business Park, Exeter EX1 3PD

Tel: 01392 354000 Fax: 01392 354001

Company Number: 358466

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Notes	Continuing operations		Discontinued operation		Total	
		2005 £m	2004 £m	2005 £m	2004 £m	2005 £m	2004 £m
Revenue (Group and share of joint ventures)	2	555.8	489.5	-	5.0	555.8	494.5
Less share of joint ventures' revenue		(0.7)	(3.5)	-	-	(0.7)	(3.5)
Group revenue		555.1	486.0	-	5.0	555.1	491.0
Cost of sales		(487.1)	(431.5)	-	(4.1)	(487.1)	(435.6)
Gross profit		68.0	54.5	-	0.9	68.0	55.4
Other operating income	6	0.7	1.8	-	-	0.7	1.8
Administrative expenses		(48.6)	(38.5)	(0.3)	(3.7)	(48.9)	(42.2)
Other operating expenses	7	(0.4)	-	-	(1.3)	(0.4)	(1.3)
Share of post tax profits from joint ventures	16	-	0.4	-	-	-	0.4
Profit (loss) from operations	5	19.7	18.2	(0.3)	(4.1)	19.4	14.1
Finance costs	9	(3.2)	(2.3)	(0.1)	(0.1)	(3.3)	(2.4)
Profit (loss) before tax		16.5	15.9	(0.4)	(4.2)	16.1	11.7
Income tax (expense) revenue	10	(4.5)	(5.0)	0.1	1.3	(4.4)	(3.7)
Net profit (loss) for the year	2, 21	12.0	10.9	(0.3)	(2.9)	11.7	8.0
Basic earnings per share	13	43.4p	42.6p	(1.1p)	(11.3p)	42.3p	31.3p
Diluted earnings per share	13	42.8p	41.2p	(1.1p)	(10.9p)	41.7p	30.3p

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2005

	Notes	Group		Company	
		2005 £m	2004 £m	2005 £m	2004 £m
Actuarial losses on defined benefit pension schemes	24	(5.1)	(2.7)	(3.5)	(0.4)
Deferred tax relief thereon	24	1.5	0.8	1.0	0.1
Net expense recognised directly in equity		(3.6)	(1.9)	(2.5)	(0.3)
Net profit for the year	2, 21	11.7	8.0	5.5	9.9
Total recognised income and expense for the year		8.1	6.1	3.0	9.6

BALANCE SHEETS

As at 31 December 2005

	Notes	Group		Company	
		2005	Restated* 2004	2005	2004
		£m	£m	£m	£m
Assets					
Property, plant and equipment	14	7.4	5.7	2.6	1.8
Intangible assets	15	44.0	27.1	-	-
Investments	16	0.2	0.2	39.3	20.8
Investments in joint ventures	16	1.8	2.9	-	-
Deferred tax assets	17	10.3	9.5	4.0	4.1
Total non-current assets		63.7	45.4	45.9	26.7
Inventories	18	51.6	41.8	-	-
Income tax receivable		-	-	3.5	2.0
Trade and other receivables	19	132.7	94.5	6.4	10.7
Cash and cash equivalents	20	32.4	8.2	15.4	18.2
Total current assets		216.7	144.5	25.3	30.9
Total assets		280.4	189.9	71.2	57.6
Equity					
Issued share capital	21	2.9	2.6	2.9	2.6
Share premium	21	28.3	16.3	28.3	16.3
Capital redemption reserve	21	5.6	5.6	5.6	5.6
Own shares	21	(0.9)	-	(0.9)	-
Retained earnings	21	15.4	11.5	8.4	9.6
Total equity		51.3	36.0	44.3	34.1
Liabilities					
Interest-bearing loans and borrowings	20, 22	39.3	14.3	-	-
Retirement benefit obligations	24	28.2	25.2	13.0	10.3
Deferred tax liabilities	17	2.2	0.7	0.1	0.1
Total non-current liabilities		69.7	40.2	13.1	10.4
Bank overdraft	20, 22	3.3	3.8	-	-
Loan notes	20, 22	5.0	-	5.0	-
Trade and other payables	25	149.3	108.6	8.8	13.1
Income tax payable		1.8	1.3	-	-
Total current liabilities		159.4	113.7	13.8	13.1
Total liabilities		229.1	153.9	26.9	23.5
Total equity and liabilities		280.4	189.9	71.2	57.6

* See Note 4.

The financial statements were approved by the Board of Directors on 21 March 2006.



GD Snook
Chief Executive



AG Martin
Finance Director

CASH FLOW STATEMENTS

For the year ended 31 December 2005

	Notes	Group		Company	
		2005 £m	2004 £m	2005 £m	2004 £m
Profit (loss) from operations		19.4	14.1	(1.5)	1.7
Adjustments for:					
Depreciation and impairment of property, plant and equipment		2.5	2.1	0.6	0.3
Impairment of investment in Spaceage		-	-	-	2.2
Intangible asset charges		0.4	1.3	-	-
Gain on sale of listed investment		-	(0.7)	-	(0.7)
Share of post tax profits from joint ventures		-	(0.4)	-	-
Expense in respect of share options		0.5	0.2	0.3	0.1
Defined benefit pension scheme contributions		(3.0)	(2.8)	(1.1)	(1.0)
Cash generated (absorbed) from operations before changes in working capital		19.8	13.8	(1.7)	2.6
(Increase) decrease in trade and other receivables		(26.7)	(34.3)	2.8	(12.2)
Increase in commercial development inventories		(10.9)	(3.1)	-	-
Decrease in other work in progress		1.7	3.1	-	-
Increase (decrease) in trade and other payables		23.7	16.9	(2.5)	7.3
Cash generated (absorbed) from operations before tax payments		7.6	(3.6)	(1.4)	(2.3)
Income taxes paid		(2.1)	(2.1)	(2.1)	-
Cash flows from operating activities		5.5	(5.7)	(3.5)	(2.3)
Investing activities					
Proceeds from sale of investments		-	3.1	-	3.1
Acquisition of subsidiaries		(5.7)	2.5	(9.8)	(4.9)
Joint venture distribution (investment)		1.1	(0.8)	-	-
Acquisition of property, plant and equipment		(3.3)	(3.6)	(1.4)	(1.4)
Interest (paid) received		(2.4)	(1.4)	0.4	1.0
Dividends received		-	-	7.0	6.8
Cash flows from investing activities		(10.3)	(0.2)	(3.8)	4.6
Financing activities					
Proceeds from the issue of share capital		7.0	0.3	7.0	0.3
Proceeds from non-current borrowings		25.0	2.5	-	-
Repayment of borrowings		-	(0.9)	-	(0.9)
Dividends paid		(2.5)	(1.7)	(2.5)	(1.7)
Cash flows from financing activities		29.5	0.2	4.5	(2.3)
Net increase (decrease) in cash and cash equivalents		24.7	(5.7)	(2.8)	-
Cash and cash equivalents at 1 January		4.4	10.1	18.2	18.2
Cash and cash equivalents at 31 December	20	29.1	4.4	15.4	18.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

Both the parent company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'). On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

In preparing these consolidated financial statements, the Group has elected to take advantage of certain transitional provisions within IFRS 1 'First-time Adoption of International Financial Reporting Standards' ('IFRS 1') which offer exemption from presenting comparative information or applying IFRSs retrospectively. The most significant of these provisions are the exemption from applying IFRS 3 'Business Combinations' to acquisitions which occurred prior to the transition date and IFRS 2 'Share-Based Payment' to equity instruments that were granted before 7 November 2002. The Group has also adopted the 'Amendment to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures' ahead of its effective date.

The Group has adopted IAS 32 and 39 as of 1 January 2005, taking advantage of the transitional provisions within IFRS 1, the adoption of which has had no material impact on either the Group or the Company.

At the date of approval of these financial statements IFRSs 6 and 7 and the International Financial Reporting Interpretations Committee 4 to 8, which have not been applied in these financial statements, were in issue but not yet effective. The directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the Group.

The balance sheets and consolidated income statement in this document are presented in accordance with IAS 1 'Presentation of Financial Statements'.

The financial statements have been prepared on the historical cost basis, except where otherwise indicated. The principal accounting policies adopted are set out below.

Subsidiaries and joint ventures

The consolidated financial statements comprise the Company and its subsidiaries and the Group's interest in jointly controlled entities.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal. The Company's investments in subsidiaries are stated at cost less impairment.

The financial statements include the Group's appropriate share of joint venture undertakings post tax profits in the consolidated income statement. Investments in joint venture undertakings are accounted for under the equity method, initially stated at cost and adjusted thereafter for subsequent changes in the Group's share of net assets.

Revenue and profit recognition

Development

Revenue and profit on the Group's development activities are recognised as follows. Revenue on the sale of development properties is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the development property. This is

achieved when legal title is transferred to the buyer. If at the time that a sale of a pre-sold development property reaches legal completion the Group has construction work to complete or rental guarantees in respect of unlet space are outstanding, the Group reviews the nature and extent of its continuing involvement to assess whether it is appropriate to recognise revenue. Where the conditions for the recognition of revenue are met but the Group still has significant acts to perform, revenue is recognised as the acts are performed. Revenue and profit on all other commercial property development activities is recognised on legal completion.

Building

Revenue recognised on building activities reflects the value of work performed. The amount of profit attributable to the stage of completion of a contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. The results for the year include adjustments for the outcome of contracts executed in both the current and preceding years. These adjustments arise from claims by customers or third parties in respect of work carried out and claims and variations on customers or third parties for variations on the original contract. Provision for claims against the Group is made as soon as it is believed that a liability will arise. Claims and variations made by the Group are not recognised in the income statement until the outcome is reasonably certain. Where it is foreseen that a loss will arise on a contract, provision for the expected loss is made in the current year.

Maintenance

Revenue and profit is recognised on projects which have been completed.

Goodwill and other intangible assets

All business combinations are accounted for by applying the purchase method. In respect of business combinations that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included at the carrying amount recorded under UK GAAP at the date of transition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment and more frequently if there are indications of impairment. Any excess of the fair value of net identifiable assets acquired over the cost of an acquisition is recognised directly in the consolidated income statement.

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged over the intangible assets' useful economic life on a straight-line basis. Intangible assets are tested for impairment if there are circumstances which indicate that an impairment might have arisen.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis so as to write off the cost over their useful economic lives. These have been estimated as follows:

- Leasehold improvements - lower of the remaining life of the lease or 10 years
- Office equipment - between 3 and 5 years
- Computer equipment - between 3 and 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

I. ACCOUNTING POLICIES (CONTINUED)

Work in progress

Development work in progress is carried at the lower of cost and net realisable value, net of progress payments. Interest charges incurred in respect of development projects are charged to the income statement as incurred.

Building and Maintenance work in progress is stated at the lower of cost and net realisable value, less interim receipts. Cost comprises direct materials, direct labour and subcontractor costs.

Operating leases

Operating lease rentals paid are charged to the consolidated income statement in the period to which the rentals relate.

Taxation

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantially enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probably that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity, for example actuarial gains and losses on retirement benefits, is recognised in equity.

Employee benefits

The Group operates a defined contribution pension scheme 'Rokplan' and contributions to the scheme are charged to the income statement as incurred.

The Group also has two defined benefit pension schemes which are closed to new members and future service accrual. The assets of the schemes are held separately from those of the Group.

Pension scheme assets are measured using fair values.

Pension scheme liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency as the liabilities. The expected return on scheme assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance charges. Actuarial gains and losses are recognised immediately in the statement of recognised income and expense.

Cash and cash equivalents

Cash and cash equivalents as stated in the cash flow statement include the Group's cash balances and overdrafts.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Share-based payments

Charges for employee services received in exchange for share-based payment have been made for all options granted after 7 November 2002 in accordance with IFRS 2 'Share-Based Payment'.

Options granted under the Group's employee share schemes are equity settled. The fair value of such options has been calculated using a stochastic model, based upon publicly available market data, and is charged to the income statement over the vesting period.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved or paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SEGMENT REPORTING

In the opinion of the directors the Group's core activities comprise of three material business segments being Development, Building and Maintenance and reflects the profiles of the risks, rewards and internal reporting structures within the Group. All activities were conducted within the United Kingdom and it is the opinion of the directors that this represents one geographical segment.

	2005		2004	
	Revenue £m	Operating profit (loss) £m	Revenue £m	Operating profit (loss) £m
Development	69.7	9.4	60.3	9.0
Building	437.9	11.4	402.1	9.4
Maintenance	48.2	1.3	27.1	1.2
Segment result	555.8	22.1	489.5	19.6
Group activities	-	(2.4)	-	(2.1)
Gain on sale of listed investment	-	-	-	0.7
Discontinued operation	-	(0.3)	5.0	(4.1)
	555.8	19.4	494.5	14.1
Finance costs		(3.3)		(2.4)
Income tax expense		(4.4)		(3.7)
Net profit for the year		11.7		8.0

Intersegment revenue is not material.

Balance sheet analysis of business segments:

	2005			2004		
	Assets £m	Liabilities £m	Net assets £m	Assets £m	Liabilities £m	Net assets £m
Development	92.4	(60.4)	32.0	66.2	(39.2)	27.0
Building	207.6	(160.6)	47.0	115.5	(73.9)	41.6
Maintenance	18.7	(15.7)	3.0	7.8	(6.2)	1.6
Group activities*	42.1	(72.8)	(30.7)	51.4	(85.6)	(34.2)
Group eliminations	(80.4)	80.4	-	(51.0)	51.0	-
	280.4	(229.1)	51.3	189.9	(153.9)	36.0

Net debt by business segment:

	2005				2004			
	Cash & cash equivalents £m	Loan notes £m	Long term borrowings £m	Net debt £m	Cash & cash equivalents £m	Loan notes £m	Long term borrowings £m	Net debt £m
Development	(0.8)	-	(39.3)	(40.1)	(9.8)	-	(14.3)	(24.1)
Building	27.9	(5.0)	-	22.9	6.0	-	-	6.0
Maintenance	(13.2)	-	-	(13.2)	(8.0)	-	-	(8.0)
Group activities*	15.2	-	-	15.2	16.2	-	-	16.2
	29.1	(5.0)	(39.3)	(15.2)	4.4	-	(14.3)	(9.9)

* Group activities includes the discontinued operation, Spaceage Plastics Limited.

Capital additions and depreciation by business segment:

	2005		2004	
	Capital additions £m	Depreciation £m	Capital additions £m	Depreciation £m
Development	0.1	0.1	0.1	0.1
Building	1.8	1.7	2.0	1.0
Maintenance	0.7	0.1	0.4	-
Group activities	0.7	0.6	1.1	0.4
	3.3	2.5	3.6	1.5

3. DISCONTINUED OPERATION

In February 2005 the Group closed the operations of its subsidiary Spaceage Plastics Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACQUISITIONS OF SUBSIDIARIES

During 2005 the Group completed three acquisitions of companies with building operations.

On 4 May 2005 the Group acquired 100% of the share capital of Morrow Holdings Limited and its subsidiary Durose & Gourlay Limited for consideration of £13.4 million. As part of the consideration 623,441 ordinary shares were issued at a fair value of 541 pence. The fair value of the ordinary shares has been calculated by reference to the average middle market quotation of each ordinary share on each of the ten business days preceding completion. In the period to 31 December 2005 it contributed £1.6 million to the Group consolidated profit before tax.

The acquisition after making provisional fair value adjustments had the following effect on the Group's assets and liabilities:

	Book value £m	Valuation adjustments £m	Deferred tax impact £m	Fair value to Group £m
Plant and equipment	0.3	-	-	0.3
Inventories	0.5	-	-	0.5
Contract receivables	2.7	-	-	2.7
Cash and cash equivalents	3.1	-	-	3.1
Trade payables	(3.6)	(1.7)	0.5	(4.8)
Net identifiable tangible assets and liabilities	3.0	(1.7)	0.5	1.8
Brand	-	1.0	(0.3)	0.7
Customer relationships	-	4.4	(1.3)	3.1
Total identifiable assets and liabilities	3.0	3.7	(1.1)	5.6
Goodwill on acquisition				8.1
				13.7
Discharged by:				
Loan notes				5.0
Cash consideration				5.0
Rok property solutions plc shares				3.4
Costs of acquisition				0.3
				13.7

On 6 July 2005 the Group acquired 100% of the share capital of Topcon (Builders & Contractors) Limited and Lemmeleg Limited and its subsidiary Lemmeleg Building & Contracting Limited for total consideration of £4.6 million. As part of the consideration, 45,568 ordinary shares were issued at a fair value of 549 pence. The fair value of the ordinary shares has been calculated by reference to the average middle market quotation of each ordinary share on each of the ten business days preceding completion. In the period since acquisition to 31 December 2005 Topcon contributed a profit before tax of £0.1 million and Lemmeleg recorded a loss before tax of £0.1 million.

The acquisitions after making provisional fair value adjustments had the following effect on the Group's assets and liabilities:

	Book value £m	Valuation adjustments £m	Deferred tax impact £m	Fair value to Group £m
Plant and equipment	0.6	-	-	0.6
Inventories	0.1	-	-	0.1
Contract receivables	10.0	(1.4)	0.4	9.0
Cash and cash equivalents	1.0	-	-	1.0
Trade payables	(9.3)	-	-	(9.3)
Long term liabilities	(0.4)	-	-	(0.4)
Net identifiable assets and liabilities	2.0	(1.4)	0.4	1.0
Goodwill on acquisition				3.8
				4.8
Discharged by:				
Cash consideration				4.3
Rok property solutions plc shares				0.3
Costs of acquisition				0.2
				4.8

If all three acquisitions had been part of the Group since 1 January 2005, the Group would have reported a turnover of £585.9 million and a profit before tax of £16.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

During 2004 the Group made three acquisitions. On 13 July 2004 the Group acquired John Dickie Construction Limited for a cash consideration of £0.4 million. On 19 August 2004 the Group acquired the trade and assets of Lark Construction Limited for a cash consideration of £0.3 million. On 18 October 2004 the Group acquired Team Building Maintenance Limited for a total consideration of £0.2 million. The acquisitions after making provisional fair value adjustments had the following effect on the Group's assets and liabilities in 2004:

	Book value £m	Valuation adjustments £m	Deferred tax impact £m	Fair value to Group £m
Plant and equipment	0.3	-	-	0.3
Inventories	0.3	-	-	0.3
Contract receivables	7.1	(2.2)	0.5	5.4
Cash and cash equivalents	3.6	-	-	3.6
Trade payables	(10.5)	-	-	(10.5)
Net identifiable tangible assets and liabilities	0.8	(2.2)	0.5	(0.9)
Goodwill on acquisition				2.1
				1.2
Discharged by:				
Cash consideration				0.8
Rok property solutions plc shares				0.1
Costs of acquisition				0.3
				1.2

The provisional fair values attributed to the tangible assets and liabilities of each of these businesses were re-assessed at the anniversary date of each acquisition. Changes between the provisional fair values of the net assets acquired as at 31 December 2004 and the anniversary date are stated below. Comparative balances for 2004 have been restated to reflect these re-assessments.

	£m
Fair value of net identifiable tangible assets as at 31 December 2004	(0.9)
Re-evaluation of debtors and work in progress	(2.2)
Deferred tax	0.7
Final fair value of net identifiable tangible assets at anniversary dates	(2.4)

Due to the long term nature of the construction industry initial estimates of the value of debtors and work in progress are established at the time of acquisition. These are reviewed in detail on the acquisition anniversary date and adjustments to the provisional valuations are made where initial pre-acquisition circumstances had not been fully reflected. During the period the financial effect of the utilisation of fair value adjustments was £0.2 million (2004: £1.2 million). During the period the financial effect of the release of fair value adjustments was £0.9 million (2004: £1.7 million).

On all acquisitions, the difference remaining between the acquisition cost and the fair value of identifiable net assets has been attributed to the workforce employed by each business. The value of such intangible assets is not separately identifiable and therefore has been treated as goodwill.

5. PROFIT FROM OPERATIONS

	Group	
	2005 £m	2004 £m
Profit from operations is stated after charging (crediting):		
Rentals under operating leases	2.0	2.0
- Land and buildings	0.9	0.9
- Plant and office equipment	8.0	6.0
Hire of plant and machinery	0.5	0.2
Long term incentive plan awards	2.5	2.1
Depreciation and impairment of tangible fixed assets	0.4	1.3
Intangible asset charges (see note 7)	-	(0.7)
Gain on disposal of listed investment	0.2	0.2
Auditors' and associates' remuneration	0.1	0.1
- Audit (including £25,000 (2004: £20,000) for the parent company)	0.1	0.1
- Further assurance services	0.1	0.1
- Tax advisory services		

6. OTHER OPERATING INCOME

Gain on disposal of listed investment	-	0.7
Rental income from subleases	0.7	1.1
	0.7	1.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER OPERATING EXPENSES

	Group	
	2005	2004
	£m	£m
Intangible asset charges		
Impairment of goodwill	-	1.3
Amortisation of intangible assets	0.4	-
	0.4	1.3

8. PERSONNEL EXPENSES

	Group		Company	
	2005	2004	2005	2004
	£m	£m	£m	£m
Wages and salaries	62.1	45.3	4.4	2.7
Social security costs	6.4	4.7	0.4	0.3
Defined contribution pension scheme	2.7	1.7	0.2	0.1
Defined benefit pension scheme	3.0	2.8	1.1	1.0
Long term incentive plan awards	0.5	0.2	0.3	0.1
	74.7	54.7	6.4	4.2

	Group		Company	
	2005	2004	2005	2004
	Number	Number	Number	Number
The average number of people employed during the year was:				
Development	28	21	-	-
Building & Maintenance	2,086	1,765	-	-
Central administration	86	30	86	30
Spaceage (discontinued operation)	11	52	-	-
	2,211	1,868	86	30

In November 2004 the Group merged its financial processing functions into one centre. The employees were transferred from various operating subsidiaries into Rok property solutions plc at the beginning of 2005.

9. FINANCE COSTS

	Group	
	2005	2004
	£m	£m
Interest		
Interest payable on bank loans and overdrafts	(2.2)	(1.4)
Interest payable on loan notes	(0.2)	-
Total interest	(2.4)	(1.4)
Other finance charges		
Expected return on pension scheme assets	2.6	2.3
Interest on pension scheme liabilities	(3.5)	(3.3)
Net other finance charges	(0.9)	(1.0)
Total finance costs	(3.3)	(2.4)

10. INCOME TAX EXPENSE

Recognised in the income statement

Current tax expense

Current year	3.7	2.7
Over provided in prior years	(0.2)	(0.1)
	3.5	2.6

Deferred tax expense

Origination and reversal of temporary differences	1.0	1.0
(Over) under provided in prior years	(0.1)	0.1
	0.9	1.1

Total income tax expense in the income statement	4.4	3.7
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INCOME TAX EXPENSE (CONTINUED)

	Group	
	2005 £m	2004 £m
Reconciliation of effective tax rate		
Profit before tax	16.1	11.7
Income tax at the UK corporation tax rate of 30% (2004: 30%)	4.8	3.5
Non-deductible expenses	0.3	0.2
Effect of tax losses utilised	(0.4)	-
Over provided in prior years	(0.3)	-
	4.4	3.7
Recognised directly in equity		
Deferred tax charge (credit) relating to equity settled transactions	0.8	(0.2)

11. PROFIT FOR THE FINANCIAL YEAR

The profit for the year of the holding company was £5.5 million (2004: £9.9 million).

12. DIVIDENDS

	Group and Company	
	2005 £m	2004 £m
Final paid 2004: 5.6p (2003: 4.65p) per 10p ordinary share	1.6	1.2
Interim paid 2005: 3.75p (2004: 2.8p) per 10p ordinary share	1.1	0.7
	2.7	1.9

The directors are proposing a final dividend in respect of the financial year ended 31 December 2005 of 8.25p per share which will absorb an estimated £2.4million of shareholders' funds. It will be paid on 12 May 2006 to shareholders who are on the register of members on 7 April 2006.

13. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2005 was based on the net profit attributable to ordinary shareholders of £11,653,000 (2004: £8,037,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2005 of 27,568,249 (2004: 25,672,691), calculated as follows:

	Group	
	2005 No.'000	2004 No.'000
Issued ordinary shares at 1 January	26,337	25,919
Effect of shares issued in the year	1,372	130
Effect of own shares held	(141)	(376)
Weighted average number of ordinary shares at 31 December	27,568	25,673

Basic earnings per share together with adjustments for significant non-recurring events and intangible asset charges is stated below:

	Group	
	2005 pence	2004 pence
Basic earnings per share	42.3	31.3
Gain on sale of listed investment	-	(2.2)
Closure costs of Spaceage	0.6	4.5
Intangible asset charges	1.1	5.1
Adjusted earnings per share	44.0	38.7

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2005 was based on net profit attributable to ordinary shareholders of £11,653,000 (2004: £8,037,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2005 of 27,964,197 (2004: 26,521,737), calculated as follows:

	Group	
	2005 No.'000	2004 No.'000
Weighted average number of ordinary shares at 31 December	27,568	25,673
Effect of share options	396	849
Weighted average number of ordinary shares (diluted) at 31 December	27,964	26,522

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share together with adjustments for significant non-recurring events and intangible asset charges is stated below:

	Group	
	2005	2004
	pence	pence
Diluted earnings per share	41.7	30.3
Gain on sale of listed investment	-	(2.1)
Closure costs of Spaceage	0.6	4.4
Intangible asset charges	1.0	4.9
Adjusted diluted earnings per share	43.3	37.5

Earnings per share for continuing and discontinued operations

For the year ended 31 December 2005 earnings per share for continuing and discontinued operations has been calculated using the same figures as earnings per share, except that the net profit for the year used in the calculations is the net profit relating to continuing operations of £12.0 million (2004: £10.9 million), and a net loss from the discontinued operation of £0.3 million (2004: £2.9 million).

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Group Office & computer equipment £m	Total £m	Company Office & computer equipment £m
Cost				
Balance at 1 January 2004	1.0	8.1	9.1	0.8
Additions	1.3	2.3	3.6	1.4
Acquisitions	-	0.5	0.5	-
Disposals	(0.1)	(3.0)	(3.1)	-
Balance at 31 December 2004	2.2	7.9	10.1	2.2
Additions	1.2	2.1	3.3	1.4
Acquisitions	-	2.0	2.0	-
Disposals	(0.1)	(3.1)	(3.2)	-
Balance at 31 December 2005	3.3	8.9	12.2	3.6
Depreciation and impairment losses				
Balance at 1 January 2004	0.2	2.9	3.1	0.1
Depreciation charge for the year	0.4	1.1	1.5	0.3
Impairment losses	-	0.6	0.6	-
Acquisitions	-	0.2	0.2	-
Disposals	-	(1.0)	(1.0)	-
Balance at 31 December 2004	0.6	3.8	4.4	0.4
Depreciation charge for the year	0.4	2.1	2.5	0.6
Acquisitions	-	1.1	1.1	-
Disposals	(0.1)	(3.1)	(3.2)	-
Balance at 31 December 2005	0.9	3.9	4.8	1.0
Carrying amount				
At 1 January 2004	0.8	5.2	6.0	0.7
At 31 December 2004	1.6	4.1	5.7	1.8
At 31 December 2005	2.4	5.0	7.4	2.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. INTANGIBLE ASSETS

	Goodwill £m	Brand £m	Customer relationships £m	Total £m
Cost				
Balance at 1 January 2004	24.5	-	-	24.5
Acquisitions	2.4	-	-	2.4
Balance at 31 December 2004 as previously reported	26.9	-	-	26.9
Adjustments (see note 4)	1.5	-	-	1.5
As at 31 December 2004	28.4	-	-	28.4
Acquisitions	11.9	1.0	4.4	17.3
Balance at 31 December 2005	40.3	1.0	4.4	45.7
Amortisation and impairment losses				
Balance at 1 January 2004	-	-	-	-
Impairment due to closure of Spaceage	1.3	-	-	1.3
Balance at 31 December 2004	1.3	-	-	1.3
Amortisation for the year	-	0.1	0.3	0.4
Balance at 31 December 2005	1.3	0.1	0.3	1.7
Carrying amount				
At 1 January 2004	24.5	-	-	24.5
At 31 December 2004	27.1	-	-	27.1
At 31 December 2005	39.0	0.9	4.1	44.0

During 2005 the Group completed three acquisitions giving rise to goodwill and intangible assets as stated below:

	Goodwill £m	Brand £m	Customer relationships £m	Total £m
Morrow Holdings Limited (Durose & Gourlay)	8.1	1.0	4.4	13.5
Topcon (Builders & Contractors) Limited	2.2	-	-	2.2
Lemmeleg Limited	1.6	-	-	1.6
	11.9	1.0	4.4	17.3

The following useful lives have been determined for the intangible assets acquired during the year:

Brand	4 years
Customer relationships	10 years

Goodwill

Goodwill acquired on business combinations is allocated at acquisition to the cash generating unit (CGU) which is expected to benefit from that business combination. The carrying value of goodwill is included within each of the segments in the balance sheet analysis of business segments in note 2 and has been allocated as follows:

	Group	
	2005 £m	2004 £m
Development	4.6	4.6
Building	30.1	18.2
Maintenance	4.3	4.3
	39.0	27.1

The Group tests goodwill annually for impairment as part of the budgeting process and more frequently if there are indications that goodwill might be impaired. The recoverable amounts for each CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in profit margins during the period. Management estimates discount rates using pre-tax rates to reflect current market assessments of the time value of money to the Group and the risks specific to each CGU. The growth rates are based upon industry growth forecasts. Changes in profit margins are based upon past experience and any expected future changes in the market. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates cash flows based upon an estimated growth rate of 2.0%. The rate does not exceed the average long term growth rate for the relevant markets. The rate used to discount the forecast cash flows is 6.75%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. INVESTMENTS

	Group			Company Shares in subsidiaries £m
	Joint ventures £m	Investments £m	Total £m	
At 1 January 2004	1.7	0.2	1.9	18.1
Additions	0.8	-	0.8	4.9
Share of post tax profit	0.4	-	0.4	-
Impairment in value	-	-	-	(2.2)
At 31 December 2004	2.9	0.2	3.1	20.8
Additions	-	-	-	18.5
Repayment of investment	(1.1)	-	(1.1)	-
At 31 December 2005	1.8	0.2	2.0	39.3

The Group has a 50 per cent interest (2004: 50 per cent) in two joint ventures, Rokscar Limited and SDG (Bournemouth) Limited whose principal activities are the development of commercial property. Both are incorporated in England and Wales. The net assets and net profit of the two joint ventures were as follows:

	2005			2004		
	SDG		Total	SDG		Total
	Rokscar (Bournemouth) Limited £m	Limited £m		Rokscar (Bournemouth) Limited £m	Limited £m	
Current assets	3.4	3.8	7.2	5.4	3.4	8.8
Current liabilities	(1.2)	(2.4)	(3.6)	(1.2)	(1.8)	(3.0)
Net assets	2.2	1.4	3.6	4.2	1.6	5.8
Income	1.4	-	1.4	7.0	-	7.0
Expenses	(1.2)	(0.2)	(1.4)	(6.2)	-	(6.2)
Net profit	0.2	(0.2)	-	0.8	-	0.8

The Group's share of the net assets of the joint ventures at 31 December 2005 was £1.8 million (2004: £2.9 million). The Group's share of post tax profits for the year ended 31 December 2005 was £nil (2004: £0.4 million).

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Group Liabilities		Net	
	2005	2004	2005	2004	2005	2004
	£m	£m	£m	£m	£m	£m
Property, plant and equipment	0.1	0.2	(0.1)	-	-	0.2
Intangible assets	-	-	(1.5)	-	(1.5)	-
Inventories	-	-	(0.6)	(0.7)	(0.6)	(0.7)
Employee benefits - Defined benefit pension schemes	8.5	7.6	-	-	8.5	7.6
Employee benefits - Long term incentive plan awards	0.1	1.0	-	-	0.1	1.0
Fair value provisions	1.5	0.7	-	-	1.5	0.7
Other	0.1	-	-	-	0.1	-
Net deferred tax assets (liabilities)	10.3	9.5	(2.2)	(0.7)	8.1	8.8

	Assets		Company Liabilities		Net	
	2005	2004	2005	2004	2005	2004
	£m	£m	£m	£m	£m	£m
Property, plant and equipment	-	-	(0.1)	(0.1)	(0.1)	(0.1)
Employee benefits - Defined benefit pension scheme	3.9	3.1	-	-	3.9	3.1
Employee benefits - Long term incentive plan awards	0.1	1.0	-	-	0.1	1.0
Net deferred tax assets (liabilities)	4.0	4.1	(0.1)	(0.1)	3.9	4.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

	Group							Total £m
	Property, plant & equipment £m	Intangible assets £m	Inventories £m	Defined benefit pension schemes £m	Long term incentive plan awards £m	Fair value provisions £m	Other £m	
At 1 January 2004	0.1	-	(0.8)	7.3	0.8	-	0.3	7.7
Recognised in income	0.1	-	0.1	(0.5)	-	0.7	(0.3)	0.1
Recognised in equity	-	-	-	0.8	0.2	-	-	1.0
Balance at 31 December 2004	0.2	-	(0.7)	7.6	1.0	0.7	-	8.8
Recognised in income	(0.2)	-	0.1	(0.6)	(0.1)	(0.1)	0.1	(0.8)
Recognised in equity	-	-	-	1.5	(0.8)	-	-	0.7
Recognised in goodwill	-	(1.5)	-	-	-	0.9	-	(0.6)
Balance at 31 December 2005	-	(1.5)	(0.6)	8.5	0.1	1.5	0.1	8.1

	Company			Total £m
	Property, plant & equipment £m	Defined benefit pension scheme £m	Long term incentive plan awards £m	
At 1 January 2004	(0.1)	3.2	0.8	3.9
Recognised in income	-	(0.2)	-	(0.2)
Recognised in equity	-	0.1	0.2	0.3
Balance at 31 December 2004	(0.1)	3.1	1.0	4.0
Recognised in income	-	(0.2)	(0.1)	(0.3)
Recognised in equity	-	1.0	(0.8)	0.2
Balance at 31 December 2005	(0.1)	3.9	0.1	3.9

18. INVENTORIES

	Group	
	2005 £m	2004 £m
Commercial development land and work in progress	47.9	37.0
Building work in progress	3.2	4.6
Other stock	0.5	0.2
	51.6	41.8

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Construction trade receivables	49.7	48.1	-	-
Other trade receivables	37.4	26.5	0.2	0.1
Retentions	19.3	13.9	-	-
Amounts owed by group undertakings	-	-	3.8	8.6
Non-trade receivables	3.0	1.1	0.5	0.8
Prepayments and accrued income	23.3	4.9	1.9	1.2
	132.7	94.5	6.4	10.7

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Bank balances	32.4	8.2	15.4	18.2
Bank overdrafts	(3.3)	(3.8)	-	-
Cash and cash equivalents in the cash flow statements	29.1	4.4	15.4	18.2
Bank loans	(39.3)	(14.3)	-	-
Loan notes	(5.0)	-	(5.0)	-
Net debt	(15.2)	(9.9)	10.4	18.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Group and Company				Group	Company
	Share capital	Share premium	Capital redemption reserve	Own shares held	Retained earnings	Retained earnings
	£m	£m	£m	£m	£m	£m
Balance at 1 January 2004	2.6	15.7	5.6	(1.0)	7.3	1.9
Profit for the year	-	-	-	-	8.0	9.9
Other recognised losses	-	-	-	-	(1.9)	(0.3)
Dividends	-	-	-	-	(1.9)	(1.9)
New share capital subscribed:						
- exercise of options	-	0.3	-	-	-	-
- scrip dividend	-	0.2	-	-	-	-
Equity settled transactions:						
- release of own shares held	-	-	-	1.0	-	-
- charge to reserves	-	-	-	-	(0.2)	(0.2)
- deferred tax credit to reserves	-	-	-	-	0.2	0.2
Shares issued for acquisitions	-	0.1	-	-	-	-
Balance at 31 December 2004	2.6	16.3	5.6	-	11.5	9.6
Profit for the year	-	-	-	-	11.7	5.5
Other recognised losses	-	-	-	-	(3.6)	(2.5)
Dividends	-	-	-	-	(2.7)	(2.7)
New share capital subscribed:						
- scrip dividend	-	0.2	-	-	-	-
Equity settled transactions:						
- purchase of own shares held	-	1.6	-	(0.9)	-	-
- charge to reserves	-	-	-	-	(0.7)	(0.7)
- deferred tax charge to reserves	-	-	-	-	(0.8)	(0.8)
Share placing	0.2	6.6	-	-	-	-
Shares issued for acquisitions	0.1	3.6	-	-	-	-
Balance at 31 December 2005	2.9	28.3	5.6	(0.9)	15.4	8.4

At 31 December 2005 the issued share capital comprised 28,753,654 ordinary shares (31 December 2004: 26,336,709) with a par value of £0.10. The authorised share capital at both 31 December 2005 and 31 December 2004 comprised 82,500,000 ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The share placing of 1,361,436 shares on 11 July 2005 at a price of 515p per share raised a total of £7.0 million before costs of £0.2 million, the proceeds of which were utilised to fund acquisitions made by the Group during the year.

Issued ordinary shares

The following table shows the movement in ordinary shares:

	Group and Company	
	2005	2004
	No. '000	No. '000
At 1 January	26,337	25,919
Share placing	1,361	-
Acquisition consideration	669	18
Share options	359	335
Scrip dividend	28	65
	28,754	26,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. INTEREST-BEARING LOANS AND BORROWINGS

Non-current liabilities

	Group	
	2005	2004
	£m	£m
Bank loans	39.3	14.3

The bank loans are drawn under a 3 year revolving credit facility.

Current liabilities

	Group and Company	
	2005	2004
	£m	£m
Loan notes	5.0	-

The loan notes were issued in the year as part consideration for the acquisition of Morrow Holdings Limited and are repayable on demand.

23. FINANCIAL ASSETS AND LIABILITIES

The Group finances its operations through retained earnings, bank borrowings and the management of working capital. The Group's main financial instruments comprise bank loans, loan notes, overdrafts and cash at bank and short term debtors and creditors. It continues to be the Group's policy not to engage in speculative arrangements or to trade in complex financial instruments. All the Group's activities take place in the United Kingdom. The principal purpose of the Group's financial instruments is to raise finance for the Group's operations. Whilst building activities are cash generative, the development and maintenance activities are cash consumptive.

Management of financial risk

The Group considers its major financial risks to be liquidity risk, interest rate risk and credit risk.

Liquidity risk

It is Group policy that funding required by subsidiary companies is provided through the Group's centralised banking facilities managed by the plc finance team. At 31 December 2005, the Group had net debt of £15.2 million (2004: £9.9 million). At the year end, the Group had £10.4 million (2004: £20.7 million) of undrawn committed bank borrowing facilities available. All covenants were met at 31 December 2005.

Interest rate risk

The Group's policy is to accept a degree of interest rate risk as long as the effect of interest rate changes remains within certain parameters. The Group does not currently enter into any arrangements that fixes, caps or collars the rate of interest on any portion of debt. All borrowings are at floating rates and interest payments are made quarterly.

Credit risk

The plc finance team is responsible for managing the Group's exposure with banks and other institutions. Transactions are only permitted with approved counterparties and dealing limits take account of ratings provided by the major credit rating agencies.

The Group's financial assets and liabilities excluding short-term debtors and creditors at 31 December 2005 and the weighted average interest rate during the year then ended, all of which are denominated in sterling, were as follows:

	2005		2004	
	Weighted average interest rate %	Total £m	Weighted average interest rate %	Total £m
Overdrafts (secured)	5.65	(3.3)	5.40	(3.8)
Loan notes	5.59	(5.0)	n/a	-
Bank loans	5.90	(39.3)	5.65	(14.3)
		(47.6)		(18.1)
Cash at bank		32.4		8.2
Net debt		(15.2)		(9.9)

The fair value of the Group's financial assets and liabilities is not considered to be materially different from their book values.

Bank overdrafts are secured by fixed charges over the assets to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. EMPLOYEE BENEFITS

The Group makes contributions to two defined benefit pension schemes, the Rok property solutions Group scheme (RPSGS) and the Llewellyn Group scheme (LGS). Both schemes are closed to new members and to future service accrual.

Liability for defined benefit pension obligations	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Present value of defined benefit obligations	(78.9)	(66.7)	(34.0)	(27.9)
Fair value of scheme assets	50.7	41.5	21.0	17.6
Recognised liability for defined benefit obligations	(28.2)	(25.2)	(13.0)	(10.3)
Deferred tax asset	8.5	7.6	3.9	3.1
Net liability for defined benefit obligations	(19.7)	(17.6)	(9.1)	(7.2)
Movements in the present value of defined benefit pension obligations				
At 1 January	(66.7)	(60.3)	(27.9)	(26.4)
Interest cost	(3.5)	(3.3)	(1.4)	(1.4)
Contributions from the sponsoring companies	1.4	1.0	0.8	0.8
Actuarial gains and losses	(10.1)	(4.1)	(5.5)	(0.9)
At 31 December	(78.9)	(66.7)	(34.0)	(27.9)
Movements in the fair value of scheme assets				
At 1 January	41.5	36.2	17.6	15.8
Expected return on scheme assets	2.6	2.3	1.1	1.0
Contributions from the sponsoring companies	1.6	1.6	0.3	0.2
Actuarial gains and losses	5.0	1.4	2.0	0.6
At 31 December	50.7	41.5	21.0	17.6
Net finance charge (see note 9)				
Expected return on scheme assets	2.6	2.3	1.1	1.0
Interest on liabilities	(3.5)	(3.3)	(1.4)	(1.4)
	(0.9)	(1.0)	(0.3)	(0.4)
Expense recognised in the statements of recognised income and expense				
Actuarial loss recognised	(5.1)	(2.7)	(3.5)	(0.4)
Deferred tax relief thereon	1.5	0.8	1.0	0.1
	(3.6)	(1.9)	(2.5)	(0.3)

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date expressed as weighted averages where applicable:

	Group and Company	
	2005	2004
Discount rate	4.8%	5.3%
Future salary increases (LGS scheme only)	4.0%	3.9%
Inflation assumption	2.9%	2.8%
Mortality tables	1992(PMA and PFA)	1992(PMA and PFA)

Scheme assets

	Group and Company		Group and Company		Group and Company	
	Return at 31 December 2005	Value at 31 December 2005 £m	Value at 31 December 2005 £m	Return at 31 December 2004	Value at 31 December 2004 £m	Value at 31 December 2004 £m
Equities	6.6%	30.1	12.4	7.1%	25.8	10.4
Bonds	4.6%	11.8	-	4.6%	6.8	-
Fixed interest	4.1%	4.2	4.2	4.6%	3.5	3.5
Index linked	4.1%	4.1	4.1	4.6%	3.5	3.5
Property	n/a	-	-	6.6%	1.0	-
Cash	4.5%	0.2	-	4.7%	0.7	-
AVC's	n/a	0.3	0.3	n/a	0.2	0.2
Total market value of assets		50.7	21.0		41.5	17.6

The actual return on Group scheme assets was £7.6 million (2004: £3.7 million). The actual return on Company scheme assets was £3.1 million (2004: £1.6 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. EMPLOYEE BENEFITS (CONTINUED)

The effect of experience adjustments is as follows:

	2005	2004	2003	2002
	£m	£m	£m	£m
Group				
Present value of defined benefit obligations	(78.9)	(66.7)	(60.3)	(57.0)
Fair value of scheme assets	50.7	41.5	36.2	34.2
Deficit in the schemes	(28.2)	(25.2)	(24.1)	(22.8)
Experience adjustments on scheme liabilities				
Amount	£0.7m	(£1.7m)	£1.9m	(£1.7m)
Percentage of scheme liabilities	0.9%	2.5%	3.2%	3.0%
Experience adjustments on scheme assets				
Amount	£5.0m	£1.4m	£2.7m	(£2.9m)
Percentage of scheme assets	9.9%	3.4%	7.5%	8.5%
	2005	2004	2003	2002
	£m	£m	£m	£m
Company				
Present value of defined benefit obligations	(34.0)	(27.9)	(26.4)	(23.1)
Fair value of scheme assets	21.0	17.6	15.8	13.8
Deficit in the scheme	(13.0)	(10.3)	(10.6)	(9.3)
Experience adjustments on scheme liabilities				
Amount	£0.4m	(£0.1m)	(£0.1m)	(£0.3m)
Percentage of scheme liabilities	1.2%	0.4%	0.4%	1.3%
Experience adjustments on scheme assets				
Amount	£2.0m	£0.6m	£1.0m	(£2.6m)
Percentage of scheme assets	9.5%	3.4%	6.3%	18.8%

The contributions expected to be paid to the two defined benefit schemes during the 2006 financial year is £3.3million.

Equity compensation benefits

Option Schemes

The Company operates an approved Long Term Incentive Plan (LTIP), and also has a Save as You Earn Scheme and approved and unapproved executive share option schemes. Further details of the schemes can be found in the remuneration report on page 67.

Options over 613,174 ordinary shares were outstanding at 31 December 2005 as follows:

	Date of grant	Option price	Shares under option	Exercisable between
Sharesave scheme	9 October 1998	48.50p	2,894	01.12.05 & 31.06.06
Executive share option scheme	30 March 2001	83.00p	22,000	30.03.04 & 29.03.08
Sharesave scheme	30 August 2001	114.50p	112,245	01.11.04 & 30.04.09
LTIP Scheme 2002	11 March 2002	Nil	43,181	From 10.03.05
LTIP Scheme 2003	17 April 2003	Nil	84,388	From 16.04.06
LTIP Scheme 2003	6 October 2003	Nil	10,000	From 05.10.06
LTIP Scheme 2004	26 April 2004	Nil	145,128	From 25.04.07
LTIP Scheme 2004	8 October 2004	Nil	4,200	From 07.10.07
LTIP Scheme 2005	28 April 2005	Nil	182,018	From 27.04.08
LTIP Scheme 2005	23 November 2005	Nil	7,120	From 22.11.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. EMPLOYEE BENEFITS (CONTINUED)

	Group			
	2005		2004	
	2005 No.	Weighted average exercise price (p)	2004 No.	Weighted average exercise price (p)
Options outstanding at 1 January	542,294	37.5	562,791	97.9
Options issued	189,138	-	155,175	-
Options exercised	(77,849)	36.2	(151,308)	-
Options lapsed	(40,409)	59.4	(24,364)	65.5
Options outstanding at 31 December	613,174	27.3	542,294	37.5
Exercisable at the end of the period	68,075	28.9	28,768	90.4

The Group received proceeds of £28,160 in respect of the 41,835 Sharesave options exercised during the year. During the year 36,014 options in the LTIP scheme 2002 were exercised at a weighted average market price of £5.29 per share and 41,835 options in the Sharesave scheme were exercised at a weighted average market price of £4.94 per share.

A stochastic model has been used to value the LTIP awards set out below:

	LTIP Scheme 2005		LTIP scheme 2004	
	23 November 2005	28 April 2005	8 October 2004	26 April 2004
Dates of grant				
Number of options granted	7,120	182,018	4,200	145,128
Weighted average fair value at date of grant	£1.45	£1.54	£1.24	£1.15
Weighted average share price at date of grant	£5.07	£5.38	£4.29	£3.96
Weighted average exercise price	£Nil	£Nil	£Nil	£Nil
Expected term (from date of grant)	3 years	3 years	3 years	3 years
Expected volatility	28.4%	28.4%	36.0%	36.0%
Expected dividends	1.6%	1.6%	1.6%	1.6%
Risk-free interest rate	4.5%	4.5%	4.7%	4.7%

Expected volatility was determined by calculating historical volatility of the Group's share price in the three years prior to the date of grant.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Payments on account	8.0	13.0	-	-
Trade payables	59.9	31.0	0.9	0.7
Amounts owed to group undertakings	-	-	6.1	9.6
Non-trade payables	7.9	2.7	-	1.9
Accruals and deferred income	73.5	61.9	1.8	0.9
	149.3	108.6	8.8	13.1

26. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2005 £m	2004 £m
Less than one year	3.0	2.6
Between one and five years	8.1	7.4
More than five years	12.5	14.1
Less rental income from subleases	(0.8)	(1.0)
	22.8	23.1

Operating lease payments represent rentals payable by the Group for properties and vehicles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. CONTINGENCIES

Legal proceedings

In August 2005 a former director of Rok property solutions plc and its subsidiary Rok Development Limited, Mr Mark Kay, served legal proceedings against both companies, which claimed amounts that Mr Kay alleged were owed to him under the bonus provisions in his service contract in respect of the years 2002 and 2003. The claim was for £5.0 million plus interest. The Company disputes Mr Kay's claim and the Board is vigorously contesting these legal proceedings.

Group guarantees

The Company has not adopted amendments to IAS 39 and IFRS 4 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2006. The Company does not expect the amendments to have any impact on the financial statements for the period commencing 1 January 2006.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

28. RELATED PARTIES

Identity of related parties

The parent company has a controlling related party relationship with its subsidiary companies (see note 29). The Group also has a related party relationship with its joint ventures (see note 16) and with its directors and executive officers.

Transactions with directors and executive officers

Directors of the Company and their immediate relatives control 1 per cent of the voting shares of the Company.

The Group's executive team comprises the four executive directors. In addition to directors' salaries, the Group also provides non-cash benefits to executive directors and contributes to post-employment defined benefit plans on their behalf. The executive directors also participate in the Group's share option programme. The remuneration of the executive directors is disclosed in the Remuneration Committee Report.

Other related party transactions

Subsidiaries

During the year ended 31 December 2005 the Company provided administrative services to subsidiary undertakings totalling £6.6 million (2004: £4.0 million). At 31 December 2005 the Company owed its subsidiary undertakings £2.3 million (2004: £1.0 million).

Joint ventures

During the year ended 31 December 2005 joint ventures purchased goods and services from the Group in the amount of £0.7 million (2004: £4.3 million) and at 31 December 2005 joint ventures owed the Group £1.8 million (2004: £2.9 million). Transactions with joint ventures are priced on an arm's length basis. During the year ended 31 December 2005 the Group received a net distribution of £1.1 million from its joint ventures.

Parent company guarantees

Guarantees for performance are given by the Company in the normal course of business in support of subsidiary companies. The Company has also provided composite guarantees to bankers and bondsmen in respect of the liabilities of certain subsidiaries in recognition of banking and bond arrangements respectively arising in the normal course of business. The level of support varies and as a result it is not practicable to quantify the total potential exposure at any one point in time. No liability is expected to arise under these guarantees.

29. GROUP ENTITIES

The principal subsidiaries, all of which are wholly owned and registered in England and Wales, affecting the results for the year and the net assets of the Group are as follows:

Rok Building Limited (previously Rokbuild Limited)
 Rokbuild North Limited
 Rok Development Limited (previously Rokeagle Limited)

30. EXPLANATION OF TRANSITION TO IFRS

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of an opening IFRS balance sheet at 1 January 2004 (the Group's date of transition).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position and performance is set out below.

Year ended 31 December 2004

	Notes	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Revenue		491.0	-	491.0
Cost of sales		(435.6)	-	(435.6)
Gross profit		55.4	-	55.4
Administration costs	b	(39.7)	0.2	(39.5)
Share of post tax profits of joint ventures	f	0.6	(0.2)	0.4
Gain on sale of listed investment		0.7	-	0.7
Closure costs of Spaceage		(1.6)	-	(1.6)
Profit from operating activities before intangible asset charges		15.4	-	15.4
Intangible asset charges	a	(2.7)	1.4	(1.3)
Profit from operating activities		12.7	1.4	14.1
Finance costs		(2.4)	-	(2.4)
Profit before tax		10.3	1.4	11.7
Tax	c,f	(3.4)	(0.3)	(3.7)
Net profit for the year		6.9	1.1	8.0

	Notes	31 December 2003			31 December 2004			IFRS £m
		UK GAAP £m	Effect of transition to IFRS £m	IFRS £m	UK GAAP £m	Effect of transition to IFRS £m	Final fair value adjustments (see note 4) £m	
Assets								
Property, plant and equipment		6.0	-	6.0	5.7	-	-	5.7
Intangible assets	a	24.5	-	24.5	24.2	1.4	1.5	27.1
Investments		1.7	-	1.7	3.1	-	-	3.1
Deferred tax assets	c,e	0.4	8.1	8.5	0.2	8.6	0.7	9.5
Total non-current assets		32.6	8.1	40.7	33.2	10.0	2.2	45.4
Inventories		39.5	-	39.5	41.8	-	-	41.8
Trade and other receivables	c	56.2	-	56.2	95.8	0.9	(2.2)	94.5
Investments		2.6	-	2.6	-	-	-	-
Cash and cash equivalents		12.4	-	12.4	8.2	-	-	8.2
Total current assets		110.7	-	110.7	145.8	0.9	(2.2)	144.5
Total assets		143.3	8.1	151.4	179.0	10.9	-	189.9
Equity								
Issued share capital		2.6	-	2.6	2.6	-	-	2.6
Share premium		15.7	-	15.7	16.3	-	-	16.3
Capital redemption reserve		5.6	-	5.6	5.6	-	-	5.6
Own shares held		(1.0)	-	(1.0)	-	-	-	-
Retained earnings	a,b,c,d	4.5	2.8	7.3	6.7	4.8	-	11.5
Total equity attributable to equity holders of the parent		27.4	2.8	30.2	31.2	4.8	-	36.0
Liabilities								
Interest bearing loans and borrowings		9.2	-	9.2	14.3	-	-	14.3
Retirement benefit obligations	e	17.0	7.3	24.3	17.6	7.6	-	25.2
Deferred tax liabilities		0.8	-	0.8	0.7	-	-	0.7
Total non-current liabilities		27.0	7.3	34.3	32.6	7.6	-	40.2
Bank overdraft		2.3	-	2.3	3.8	-	-	3.8
Trade and other payables	b,d	86.1	(2.0)	84.1	110.6	(2.0)	-	108.6
Income taxes payable	c	0.5	-	0.5	0.8	0.5	-	1.3
Total current liabilities		88.9	(2.0)	86.9	115.2	(1.5)	-	113.7
Total liabilities		115.9	5.3	121.2	147.8	6.1	-	153.9
Total equity and liabilities		143.3	8.1	151.4	179.0	10.9	-	189.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Notes:

a. Under IFRS 3 'Business combinations' goodwill is not amortised, but is carried at cost and subject to annual impairment testing. Under UK GAAP, goodwill was amortised over its useful economic life. The Group has applied the change from the date of transition as opposed to full application to all business combinations prior to that date in accordance with IFRS 1 'First time adoption of IFRS'. Goodwill on acquisitions made in 2004 has been identified as being attributable to the workforce and accordingly the amounts have been treated as goodwill.

The impact on operating profit for the year ended 31 December 2004 is a credit of £1.4 million, the remaining charge in the year of £1.3 million being the impairment charge made against Spaceage goodwill. The impact on goodwill in the balance sheet at 31 December 2004 is an increase of £1.4 million.

b. Under IFRS 2 'Share-based payment' the charge recorded in the income statement is based upon the fair value of the relevant share options granted since 7 November 2002 as opposed to the intrinsic value under UK GAAP. The impact on administration costs is a credit of £0.2 million for the year ended 31 December 2004.

c. Under IAS 12 'Income taxes' a deferred tax asset is recognised in respect of the estimated excess of the value of unvested share options over the option price. The deferred tax asset is £1.0 million at 31 December 2004, and £0.8 million at 31 December 2003.

The tax charge in 2004 benefited from a credit of £0.6 million in respect of tax relief on gains on the exercise of share options in the LTIP scheme. Under IFRS this relief can be taken only to the extent of the IFRS 2 charges in that period, the excess being transferred to reserves. The impact on the tax charge for the year ended 31 December 2004 is an additional charge of £0.5 million.

d. Under IAS 10 'Events after the balance sheet date' proposed dividends are not permitted to be recognised until the dividend has been approved by shareholders. Under UK GAAP dividends were included in the financial statements on an accruals basis when proposed. Consequently there is a requirement to remove the liability for proposed dividends. The impact on the net assets is an increase of £1.5 million at 31 December 2004 and £1.2 million at 31 December 2003.

e. Under IFRS the deferred tax asset relating to the defined benefit pension scheme liability is to be included within deferred tax assets, rather than being offset against the liability. The adjustment to deferred tax assets was an increase of £7.6 million at 31 December 2004 and £7.3 million at 31 December 2003.

f. In the 2005 Interim Statement, joint ventures were proportionally consolidated. In line with practice developing within the industry the Group has decided to equity account for joint ventures. Under UK GAAP the operating profit from joint ventures was included within total operating profit. Under IFRS post tax profits of joint ventures are included within 'Profit from operations'.

The impact on the share of joint ventures profits included within operating profit for the year ended 31 December 2004 is a reduction of £0.2 million, with a resultant reduction in the Group tax charge of £0.2 million.

CORPORATE GOVERNANCE

COMBINED CODE

The Board recognises the importance of good corporate practice and is committed to conducting the Group's operations in accordance with the best principles of corporate governance.

This statement, together with the Remuneration report on pages 66 to 70, describes how the Company has applied the provisions of the revised Combined Code on corporate governance issued by the Financial Reporting Council in July 2003 ('the Combined Code'). Throughout the year to 31 December 2005, the Company has complied with the Combined Code except in relation to the Chairman and the Senior Independent Director meeting major shareholders. This is commented on further under Shareholder Communications below.

THE BOARD

Responsibilities

The Board is responsible for the overall direction of the Group. The Board's main roles are to create shareholder value, to approve the Group's strategic objectives and to ensure the necessary financial and other resources are made available to enable these objectives to be met. The Board has a schedule of matters reserved for its approval.

Specific responsibilities reserved for the Board include setting Group strategy and long term objectives, approving business plans and annual budgets, oversight of the Group's operations, changes relating to the Company's share capital, financial reporting and controls including annual and interim results and reports, ensuring the maintenance of a sound system of internal control and risk management, approval of acquisitions, succession planning and Board appointments, determining remuneration policy for directors and senior executives and corporate governance matters.

The Board met formally ten times during the year. There was full attendance at these meetings except for Louis Sherwood on two occasions and Chris Bailey on one occasion.

Directors

The names of the directors currently in office, together with their biographical details, are set out on pages 39. Chris Bailey was appointed a non-executive director on 1 March 2005 and Bob Carlton-Porter retired as a non-executive director on 28 April 2005. John Samuel was appointed as an executive director on 10 October 2005. Since the year end, Ian Ellis was appointed as a non-executive director on 8 February 2006 and Louis Sherwood retired as a non-executive director on 9 February 2006.

Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive is clearly defined and is approved by the Board in December each year. The Chairman's principal responsibilities are to chair the Board and general meetings and to ensure the effective running of the Board. The Chief Executive's principal responsibility is leading the executive team in the day to day running of the Group's business.

Board balance and independence

The Board currently comprises four executive and four non-executive directors. The Board has appointed Gillian Camm, who has been a non-executive director since 2002, as Senior Independent Director following the retirement of Louis Sherwood. The Board also considers Chris Bailey and Ian Ellis to be independent in character and judgement.

Information and performance evaluation

On appointment, new directors take part in a tailored induction programme when they visit key locations and meet local business leaders as well as other key senior executives. They also receive information about the Group and the role of the Board.

Regular reports and papers are circulated to all directors in a timely manner in preparation for Board and Committee meetings. These include management accounts and reports as well as specific information on matters to be considered by the Board. The Board also held a number of its meetings at different Rok offices to help all Board members gain a deeper understanding of the business.

During the year, the Board undertook a formal evaluation of the performance of the Board, its Committees and individual directors, including the Chairman. This was undertaken by way of questionnaires, the results of which were collated to ensure confidentiality and the consolidated results were presented to the Chairman. The Board/Committee evaluation results were presented to the Board and to the respective Committees and goals agreed for the following year. The evaluation of the performance of directors has been fed back to them by the Chairman and the Chairman has received feedback on his own performance from the non-executive directors.

Re-election

All directors are subject to election by shareholders at their first Annual General Meeting after their appointment and to re-election thereafter at intervals of no more than three years. Non-executive directors are appointed for an initial period of three years and their performance evaluated before being extended for a further three year term. Non-executive directors who serve longer than three terms of three years are subject to annual re-election by shareholders.

Details of the directors to be elected or re-elected at the Annual General Meeting in May 2006 are contained in the Notice of Annual General Meeting and accompanying Chairman's letter sent to shareholders with this Annual Report.

BOARD COMMITTEES

Audit Committee

During the year, the Audit Committee comprised Louis Sherwood, Gillian Camm, Chris Bailey (from 1 March 2005), Stephen Pettit (up to 28 April 2005) and Bob Carlton-Porter (up to 28 April 2005). Louis Sherwood was Committee Chairman until 31 May 2005 when he was succeeded by Chris Bailey. Louis Sherwood, who had been until recently a member of the Group

Audit Committee of HBOS plc, and Chris Bailey, who had been Group Finance Director of FTSE 250 company, Aggregate Industries plc, both brought recent and relevant financial experience to the role. The Board considers that at least two members of the Committee at any one time were independent within the definition set out in the Combined Code. The Committee met four times in the year with full attendance at these meetings except for Chris Bailey and Louis Sherwood on one occasion each.

Since the year end, Ian Ellis has been appointed as a member of this Committee and Louis Sherwood has resigned.

Under its terms of reference, the Audit Committee monitors the integrity of the Group's financial statements and any formal announcements relating to the Group's financial performance. The Committee is responsible for reviewing the effectiveness of the Group's internal controls and risk management systems and of the Rok Assurance function. It monitors the effectiveness of the external audit process and for making recommendations to the Board in relation to the appointment, re-appointment and, if necessary, the removal of the external auditors. The Committee also reviews the arrangements for the Group's whistle blowing process under which employees can raise concerns in confidence on matters of possible wrongdoing and for suitable follow up action.

The Committee meets with executive directors and other senior management, as well as privately with both the external auditors and the head of Rok Assurance. The Committee's terms of reference can be found on the Company's website.

Nomination Committee

The Nomination Committee during the year comprised Stephen Pettit, Chris Bailey (from 1 March 2005), Gillian Camm, Bob Carlton-Porter (up to 28 April 2005) and Louis Sherwood. Gillian Camm was Committee Chairman until 16 May 2005 when she was succeeded by Stephen Pettit. The Committee met four times in the year with full attendance at these meetings, except for Chris Bailey and Louis Sherwood on one occasion each.

Since the year end, Ian Ellis has been appointed as a member of the Committee and Louis Sherwood has resigned.

The Nomination Committee considers the mix of skills and experiences the Board requires and makes recommendations to the Board with regard to any changes. It considers succession planning for directors and other senior executives taking account of the future challenges and opportunities facing the Group.

During the year, the Committee carried out the search for the recruitment of an Operations Director and for a new non-executive director with property experience. The selection process for both assignments involved agreeing a brief for the role and capabilities required and employing a professional search firm, Odgers, Ray & Berndtson. Short listed candidates

were interviewed initially by members of the Committee and then met other directors before a recommendation was made to the Board. As a result of these processes, John Samuel was appointed as Operations Director (Building and Maintenance) on 10 October 2005 and Ian Ellis joined the Company on 8 February 2006 as a non-executive director.

The terms and conditions of appointment of non-executive directors set out the expected time commitment. The terms of reference of the Nomination Committee can be found on the Company's website.

Remuneration Committee

During the year, the Remuneration Committee comprised Gillian Camm as Chairman, Chris Bailey (from 1 March 2005), Stephen Pettit (up to 28 April 2005), Bob Carlton-Porter (up to 1 March 2005) and Louis Sherwood. The Committee met six times with full attendance at these meetings, except for Louis Sherwood and Chris Bailey on one occasion each.

Since the year end, Ian Ellis has been appointed as a member of the Committee and Louis Sherwood has resigned.

The Committee is responsible for setting and agreeing with the Board the Group's overall remuneration policy and strategy and for determining the individual remuneration packages for executive directors and other senior executives. It reviews the design of share incentive plans and determines the awards to be made under such plans. In addition, the Committee monitors its competitors and industry norms.

Further detail on the work of the Remuneration Committee is given on pages 66 to 70 of the Annual Report. The Committee's terms of reference can be found on the Company's website.

SHAREHOLDER COMMUNICATIONS

The Board gives priority to establishing and maintaining good relationships with all shareholders. In view of their more detailed knowledge, the Chief Executive and Finance Director, rather than the Chairman and the Senior Independent Director as suggested by the Combined Code, meet regularly with analysts and major current and potential institutional shareholders to discuss the Company's strategy performance and governance. The main dialogue with private shareholders occurs at the Annual General Meeting. Feedback on such meetings, copies of analysts' reports and shareholder views generally are communicated to the Board as a whole.

The Annual and Interim Reports are seen as important communication tools and other information is released through the Stock Exchange. Shareholders are also sent the Company's regular in-house newsletter.

There is a comprehensive investor relations section on the Company's website - www.rokgroup.com - which includes annual and interim reports, institutional presentation documents and Stock Exchange releases.

CORPORATE GOVERNANCE - CONTINUED

The Annual General Meeting is held in April/May each year and is attended by the full Board, including the Chairmen of the three Board committees who will be available to answer shareholders' questions.

INTERNAL CONTROL

In accordance with the guidance of the Turnbull Committee, the Board has overall responsibility for the Group's systems of internal control which are reviewed in accordance with the Combined Code. Such systems, however, are designed to manage rather than eliminate risk and can only give reasonable but not absolute assurance against material misstatement or loss.

During the year and up to the date of this report, the Board has maintained and enhanced the process adopted for its review of the effectiveness of internal control which is delegated to the Audit Committee to carry out. This process identifies the risk categories that threaten the achievement of the Group's business plan objectives, the factors contributing to these risks and the controls in place. The information is identified at both a local as well as a Group level and aggregated to show the likelihood, the financial and reputation impact of failure, along with an assessment of the effectiveness of the existing controls. In this way, the Audit Committee is able to identify and verify that actions and responsibilities are assigned to maintain the key controls. The actions are then monitored throughout the year by the local businesses, the PLC Executive team and by the Audit Committee.

The Rok Assurance function supports the Audit Committee with the evaluation of internal control effectiveness. It has continued to focus on systems, controls and processes, risk identification and business improvement throughout the organisation. The head of Rok Assurance reports directly to the Chief Executive, with a functional reporting line to the Chairman of the Audit Committee.

Each business operates a comprehensive rolling three year business planning process which is reviewed and approved by Group management. In the Autumn of each year annual operating, cashflow and capital expenditure budgets at a divisional level are prepared linked to the business plans. The consolidated Group budget that results is reviewed by the Board prior to its adoption. Monthly financial results, together with key performance indicators, are reviewed by both the executive directors and the full Board and compared to prior years, budgets and forecasts with variances highlighted and explained. A full re-forecast of the out-turn for the year for each business and the Group is updated and reviewed quarterly.

The Group's management reporting operates in accordance with a series of financial guidance procedures to ensure consistency of financial reporting in line with policies established by the executive directors and approved by the Board.

The Board has reviewed the operation and effectiveness of the internal controls for the year ended 31 December 2005.

AUDITOR INDEPENDENCE AND OBJECTIVITY

The Audit Committee has established a policy for the provision of non-audit services by the external auditors. The nature of any service to be provided by the auditors is reviewed by the Committee to ensure there is no threat to their objectivity and to ensure the skills and experience of the auditors are suitable. The policy allows the auditors to be engaged without reference to the Committee on due diligence reviews in connection with acquisitions and to provide taxation advice, provided their fees for such services do not exceed 50% of the audit fee for the current year. Fees likely to exceed cumulatively 50% of the annual audit fee require the specific prior approval of the Audit Committee.

Details of the amounts paid to the external auditors during the year are set out in Note 5 to the financial statements on page 47 of this Annual Report.

GOING CONCERN STATEMENT

The directors are required under the Combined Code to consider whether or not to adopt the financial statements on the basis that the Company and the Group are going concerns. As part of its normal business practice the Group prepares annual and longer term plans and, in reviewing this information and in particular the 2006 - 2008 three-year plan and the 2006 budget, the directors believe that the Company and the Group have adequate resources for the foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the group and parent company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and have elected to prepare the parent company financial statements on the same basis.

The group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the parent company and the performance of the group for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and parent company financial statements, the directors are required to:

- ★ select suitable accounting policies and then apply them consistently;
- ★ make judgments and estimates that are reasonable and prudent;
- ★ state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- ★ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing the Other Statutory Information Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REMUNERATION REPORT

This report of the Remuneration Committee has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and has been approved by the Board. Information relating to directors' remuneration and pensions and their interests in shares on pages 69 and 70 has been audited. Shareholder approval of this report will be sought via a resolution to be put to shareholders at the Annual General Meeting.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining the broad policy and individual remuneration packages for the executive directors and other senior executives. It is governed by terms of reference approved by the Board which are available on the Company's website.

During the year, the members of the Committee were Gillian Camm (Chairman), Chris Bailey (from 1 March 2005), Stephen Pettit (who resigned from the Committee on becoming Group Chairman on 28 April 2005), Bob Carlton-Porter (up to 1 March 2005) and Louis Sherwood. These meetings are attended by Stephen Pettit (from 28 April 2005) and by Garvis Snook, except when his own remuneration is under consideration. Since the year end, Ian Ellis has been appointed as a member of this Committee and Louis Sherwood has resigned.

The Committee obtained specialist advice during the year from New Bridge Street Consultants LLP who are independent remuneration consultants and who provide no other services to the Company. Paul Wilkinson, the Group People Director, is an internal adviser to the Committee.

The remuneration of non-executive directors is determined by the *Group Chairman, the Chief Executive and the Finance Director*.

REMUNERATION POLICY

The Committee's policy on directors' remuneration is designed to attract and retain directors with the ability, experience and enthusiasm required to manage the Company and to shape and deliver the strategy approved by the Board aimed at enhancing shareholder value. This policy applies to 2005 and subsequent years.

It is the aim of the Committee to reward directors competitively and on the broad principle that their remuneration should be in line with the remuneration paid to senior management of comparable public companies. Base salaries are tracked in relation to median for similar positions in comparable companies as well as utilising market survey data. A significant proportion of total remuneration is performance related so as to align the interests of directors with those of shareholders. Long-term incentives in particular are designed to provide exceptional levels of reward but only if truly exceptional levels of performance are delivered.

In order to achieve this, the remuneration of executive directors comprises the following:

Base salary and benefits

The base salary, which is reviewed annually, is based on comparable market data, the role within the Group, the nature of their responsibilities and on individual performance. Salary policy is set around median levels using market data for comparable roles in similar sized organisations. Salary benchmarks are reviewed annually taking account of information from an independent source. Actual salaries are normally reviewed annually but can be reviewed at any time. There is no automatic salary increase.

The current base salaries of executive directors after the most recent reviews are:

Garvis Snook - £345,000
Ashley Martin - £240,000
Sue Moore - £195,000
John Samuel - £200,000

In addition, a range of benefits is provided which include car allowance, health insurance and life cover and company pension contributions of between 12% and 15% of base salary to the Group's defined contribution scheme.

Annual performance bonus

The Remuneration Committee has reviewed the terms of the annual bonus plan. For 2006 the maximum annual bonus potential for Executive Directors will be 80% of base salary (increased from 60% of salary in 2005). This increase has been determined in the light of the stretching performance conditions, the market competitiveness of the annual bonus plan and, overall, the total remuneration package.

The Remuneration Committee has also determined that one quarter of any bonus earned will be deferred in the form of an award of shares for two years, with vesting of the deferred shares subject to continued employment over the deferral period. The value of dividends paid over the deferral period will be rolled up and paid at the time of vesting. This compulsory share based deferral element means that there will be no increase to the value of the cash bonus compared to 2005.

The Remuneration Committee considers that the element of share based deferral will be highly retentive and will strengthen the alignment of the interests of executives with shareholders. The share based element to the annual bonus will be extended to other senior executives.

The bonus is contingent on the achievement of a sliding scale of EPS growth (for two thirds of the bonus) and measurable non-financial strategic objectives (for the remaining one third). Details of the extent to which performance conditions have been achieved will be disclosed in next year's remuneration report.

LTIP AWARDS

The Company operates a Long Term Incentive Plan ('the LTIP') approved by shareholders in which the executive directors and other senior executives participate. The LTIP is designed to provide rewards for consistent out-performance over the longer term by making awards dependent on stretching total shareholder return ('TSR') targets over three year periods against a group of comparator companies, together since 2005 with a financial underpin relating to growth in earnings per share exceeding the percentage growth in the Retail Price Index by an average of 2% a year. The Remuneration Committee favours a TSR performance target because it more closely aligns the interests of executives to those of shareholders, as it requires significant stock market out-performance.

For awards to be granted in 2006, the TSR performance conditions will be applied to a peer group of 20 companies drawn from the FTSE Construction and Building Materials, Real Estate and Support Services sector indices. A list of these companies and of the companies used in previous awards is shown in a note on page 70. The Remuneration Committee recognises that this is an extremely demanding range of targets and is considered appropriate in the context of potential reward levels.

Awards are granted annually up to a maximum of 75% of base salary in the case of executive directors and up to 50% of salary for other executives with performance measured over the three year performance period with no re-testing. The Company's TSR performance is ranked within the peer group and the vesting schedule for grants made after March 2004 will be (with intermediate positions vesting on a pro-rata basis):

Position in ranking	%age vesting
Below 10th	0
10	50
7	100
4	150
1	200
1 + 10% or more higher than 2nd place company	300
1 + 25% or more higher than 2nd place company	400

If shares vested under the scheme are retained for a further two years and the participant remains in employment, there will be an entitlement to a loyalty award equivalent to 10% of the number of shares vested.

It is the intention of the Remuneration Committee to continue to make awards under the LTIP on the same terms as in 2005. The Remuneration Committee will review the performance conditions ahead of each grant to ensure they remain appropriately challenging.

SHAREHOLDING GUIDELINES

The Remuneration Committee introduced in 2005 a policy which requires executive directors to build and maintain a

shareholding in the Company. At the time awards vest under the LTIP or deferred element of the annual bonus, executives will be expected to retain no fewer than 50% of shares (net of taxes) until such time as a shareholding equivalent to 100% of base salary has been achieved.

OTHER INCENTIVE SCHEMES

The Company operates a share incentive plan known as the Rok property solutions plc Buy As You Earn Scheme ('the BAYE Scheme'). The BAYE Scheme was approved by the Inland Revenue in 2003 and enables employees, including full time directors, to acquire shares in the Company from pre-tax income. In March 2005, this scheme was re-launched to encourage greater employee share participation on a revised basis with one matching share being allocated at the Company's cost to every four partnership shares acquired by employees from monthly pre-tax savings, compared with the previous 1 for 10 basis. The shares are acquired in the market and are held by the trustees, Yorkshire Building Society.

The Company also has a Save As You Earn Scheme and an approved and unapproved executive share option scheme approved by shareholders in 1996. The exercise of options under the executive scheme is subject to the growth in earnings per share exceeding the growth in the Retail Price Index by 2% per annum compounded annually over three consecutive years. No options under these schemes have been granted since 2002. In view of the enhancement of the BAYE Scheme, the Company is not intending to grant any further options under these schemes before they lapse in May 2006.

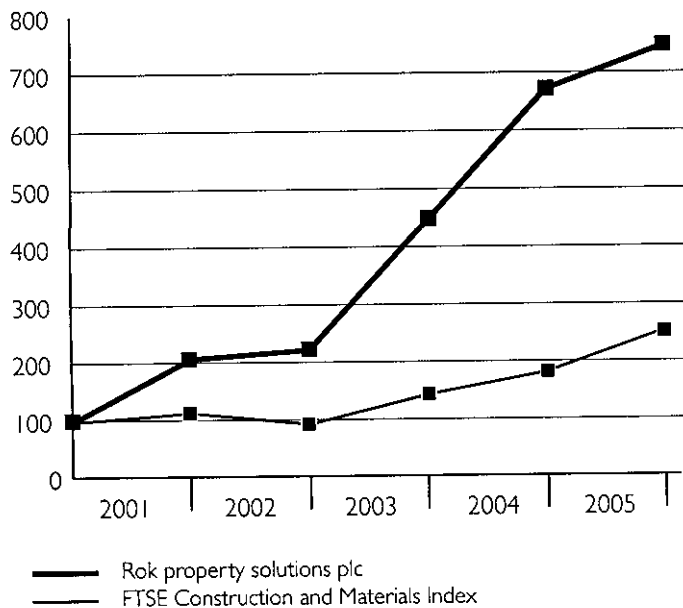
SHARE SCHEME DILUTION

Under proposals approved by shareholders in 2005, the issue of new shares under employee share schemes is limited to grants over no more than 10% of the Company's issued share capital during the period of 10 years commencing 1 January 2005. Within this limit, grants over no more than 2% of issued share capital can be made in any one year. The Remuneration Committee will ensure that dilution through new issue shares, and overall level of share usage, whether through newly issued shares or shares purchased in the market, is carefully monitored.

REMUNERATION REPORT - CONTINUED

PERFORMANCE GRAPH

The graph below charts the Company's total shareholder return performance (share price movements plus dividends re-invested) based on the value, by the end of 2005, of £100 invested in Rok property solutions plc on 31 December 2000 compared with that of £100 invested in the FTSE Construction and Materials Index. The other points plotted are the values at intervening financial year ends. This index is regarded as the most direct comparator for this purpose as it comprises a broad equity market index of which the Company has been a constituent during the year.



DIRECTORS' SERVICE CONTRACTS

The four executive directors are appointed under service contracts terminable on one year's notice and entered into as follows:

Executive Directors	Contract Date
Garvis Snook	19 March 2001
Ashley Martin	3 October 2003
Sue Moore	26 July 2004
John Samuel	16 August 2005

The directors' service contracts do not make specific provision for compensation payments in the event of early termination, except in the case of Garvis Snook and Ashley Martin which contain compensation of one year's salary and loss of benefits for loss of office following a change of control in the Company. The Remuneration Committee will consider compensation payments in individual cases when necessary when termination occurs for any other reason in line with legal obligations.

The non-executive directors do not have service contracts but are subject to letters of appointment which are terminable on 6 months' notice entered into as follows:

Non-Executive Directors	Contract Date
Stephen Pettit	13 December 2004
Chris Bailey	12 February 2005
Gillian Camm	10 March 2005
Ian Ellis	9 February 2006

DIRECTORS' REMUNERATION (AUDITED)

Details of the remuneration of each director and their pension entitlements during their period of office were as follows:

	Salary	Annual bonus	Benefits in kind	Pension contributions	2005 Total	2004 Total
	£000	£000	£000	£000	£000	£000
Executive Directors						
Garvis Snook	366	121	45	19	551	496
Ashley Martin	244	84	15	18	361	338
Sue Moore	150	55	15	11	231	58
John Samuel (appointed 10.10.05)	46	18	3	5	72	-
Mark Kay (resigned 30.09.04)	-	-	-	-	-	75
	806	278	78	53	1,215	967
Non-executive Directors						
Stephen Pettit	100	-	-	-	100	-
Chris Bailey	37	-	-	-	37	-
Gillian Camm	52	-	-	-	52	31
Bob Carlton-Porter (resigned 28.04.05)	18	-	-	-	18	86
Louis Sherwood	38	-	-	-	38	34
	1,051	278	78	53	1,460	1,118

The salary details for Garvis Snook and Ashley Martin include salary supplements during 2005 of £33,142 and £10,983 respectively in lieu of their capped pension entitlements.

Garvis Snook, Ashley Martin, Sue Moore and John Samuel are members of the Company's defined contribution pension scheme, Rokplan. The Company contributes 15% of base salary in respect of Garvis Snook and 12% in respect of Ashley Martin, Sue Moore and John Samuel.

Bob Carlton-Porter received no remuneration from the Company. The remuneration disclosed represents the total payments made to Lansdown Consultants Ltd, in which he has an interest, under a contract for the provision of his services as a non-executive director.

DIRECTORS' INTERESTS IN SHARES (AUDITED)

The directors' interests, which are all beneficial, in the shares of the Company were as follows:

	31 December 2005 Ordinary shares	1 January 2005 (or date of appointment) Ordinary shares
Stephen Pettit	-	-
Garvis Snook	195,663	195,306
Chris Bailey (appointed 01.03.05)	2,000	-
Gillian Camm	2,950	2,950
Ashley Martin	23,719	22,955
Sue Moore	-	-
John Samuel (appointed 10.10.05)	-	-
Louis Sherwood	125,000	140,000

Between 1 January 2006 and 28 February 2006, Garvis Snook and Ashley Martin have each acquired 63 shares under the BAYE Scheme. There were no other changes.

At the date of his appointment and up to 28 February 2006, Ian Ellis did not hold any shares in the Company.

The market price of the Company's ordinary shares at 30 December 2005 was 476.5p (2004: 440.5p) and during the year the price ranged between 435p and 562.5p.

REMUNERATION REPORT - CONTINUED

DIRECTORS' INTEREST IN LTIP AWARDS (AUDITED)

Potential share awards held by executive directors under the LTIP, based on 100% vesting, and details of awards vested during the year and their value, are as follows:

	Year of award	At 01.01.05	Awarded	Vested	At 31.12.05	Performance period Began	Concludes	Market price at award	Date award vesting	Market price at vesting	Monetary value of awards
Garvis Snook (Note 2)	2002	33,566	-	(33,566)	-	11.03.02	10.03.05	161.5p	18.03.05	520.5	£698,844
	2003	39,735	-	-	39,735	17.04.03	16.04.06	158.5p	-	-	-
	2004	61,017	-	-	61,017	26.04.04	25.04.07	396p	-	-	-
	2005	-	54,484	-	54,484	01.01.05	31.12.07	544p	-	-	-
			134,318	54,484	(33,566)	155,236					
Ashley Martin	2003	10,000	-	-	10,000	06.10.03	05.10.06	253.5p	-	-	-
	2004	45,763	-	-	45,763	26.04.04	25.04.07	396p	-	-	-
	2005	-	38,309	-	38,309	01.01.05	31.12.07	544p	-	-	-
			55,763	38,309	-	94,072					
Sue Moore	2004	4,200	-	-	4,200	08.10.04	07.10.07	416p	-	-	-
	2005	-	24,518	-	24,518	01.01.05	31.12.07	544p	-	-	-
			4,200	24,518	-	28,718					
John Samuel	2005	-	7,120	-	7,120	23.11.05	22.11.08	507.25p	-	-	-

Notes

- The LTIP shares are awarded at nil cost to the directors and with performance criteria as described on page 67.
- Rok's ranking against the comparator group for the 2002 LTIP award generated a 400% vesting, which is being satisfied by the issue of new shares. In the case of Garvis Snook, this resulted in the vesting of 134,264 shares which have not yet been exercised.
- The monetary value of the vested award is the value at the date of vesting. This may be different from the value at the time a director chooses to exercise his award, the details of which are shown separately.
- The participant is responsible for payment of income tax and employee's and employer's national insurance contributions arising on the exercise of vested awards.
- The comparator companies used between the 2001, 2002 and 2003 awards were: Amey, Henry Boot, Costain, Galliford Try, Gleeson, Interserve, Kier, Montpellier, Morgan Sindall and Mowlem.
- The comparator companies used for the 2004 and 2005 awards were: Alfred McAlpine, Amec, Connaught, Costain, County & Metropolitan, Countryside Properties, Crest Nicholson, Deejan Holdings, Galliford Try, Henry Boot, Helical Bar, Interserve, John Laing, Kier, M] Gleeson Group, Minerva, Mitie Group, Morgan Sindall, Slough Estates and St Modwen Properties.

Gillian Camm
Chairman of Remuneration Committee
21 March 2006



OTHER STATUTORY INFORMATION

The directors present their report and the audited financial statements of the Group comprising Rok property solutions plc and its subsidiaries for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

Rok property solutions plc is a holding company of a group of companies providing development, building and maintenance services in the United Kingdom. A review of the Group's activities and future developments is given in the Chairman's Statement and the Business Review on pages 4 to 37.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2005 are shown in the Group consolidated income statement on page 40.

The directors recommend that a final dividend of 8.25p per share be paid which, together with the interim dividend of 3.75p paid in October 2005, will make a total for the year of 12p per share. If approved at the Annual General Meeting, the final dividend will be paid on 12 May 2006 to shareholders on the register at 7 April 2006.

DIRECTORS

The names and biographical details of the directors at the date of this report are shown on page 39. Details of their interests in shares and those of their families are shown on page 69. These directors, together with Louis Sherwood, served throughout the year, other than Chris Bailey, John Samuel and Ian Ellis who were appointed on 1 March 2005, 10 October 2005 and 8 February 2006 respectively. Bob Carlton-Porter resigned as a director on 28 April 2005 and Louis Sherwood resigned on 9 February 2006.

In accordance with the Articles of Association, Gillian Camm and Ashley Martin will retire by rotation at the Annual General Meeting and, being eligible, offer themselves and are recommended for re-election. As a non-executive director, Gillian Camm does not have a service contract but operates under a letter of appointment terminable on 6 months' notice. Ashley Martin has a service contract terminable on 12 months' notice.

John Samuel and Ian Ellis, having been appointed since the Annual General Meeting held on 28 April 2005, will retire at the 2006 Annual General Meeting and offer themselves and are recommended for election. John Samuel has a service contract terminable on 12 months' notice, while Ian Ellis, as a non-executive director, does not have a service contract but is appointed under a letter of appointment terminable on 6 months' notice.

Other than service contracts, there were no contracts or transactions between the Company and any of its directors during 2005.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDINGS

Details of the Company's authorised and issued share capital, together with changes during the year, are given in note 21 to the financial statements. The Company is aware of the following substantial interests in the issued ordinary shares as at 28 February 2006:

Morley Fund Management	2,168,457	7.45%
Hermes Investment Management	1,926,168	6.70%
Scottish Widows	1,801,903	6.26%
Royal London Asset Management	1,694,325	5.89%
Rathbone Investment Management	1,286,615	4.47%
JP Morgan Fleming	1,244,288	4.33%
AXA Framlington Investment Management	1,097,000	3.81%
Legal & General	1,021,954	3.55%
Threadneedle Investments	905,500	3.15%

DONATIONS

Charitable donations during the year totalled £38,959 (2004: £26,210) principally to local charities serving the communities in which the Group operates. No donations were made to political parties.

OTHER STATUTORY INFORMATION

EMPLOYEES

The Group's policy is to give all applications for employment from disabled persons full consideration in relation to the vacancy concerned and, in the event of existing staff becoming disabled, every effort is made to enable them to maintain their present position or to employ them in suitable work in another role. As far as possible the Company provides the same level of training, regardless of physical disabilities, and is an equal opportunities employer.

The Group recognises the importance of achieving effective communications and consultation with its staff and maintains this our intranet, an in-house magazine 'The Citizen', periodic team briefings and a monthly question and answer forum with the Chief Executive.

SUPPLIER PAYMENT POLICY

Operating units are responsible for agreeing the terms and conditions under which business transactions are conducted with their suppliers. It is Group policy that payments to suppliers are made in accordance with those terms, provided that the supplier has complied with all the relevant terms and conditions. At 31 December 2005, the Group had an average of 34 days (2004 : 26 days) purchases outstanding with suppliers.

AUDITORS

KPMG Audit Plc have expressed their willingness to continue in office as auditors of the Company and its subsidiaries and a resolution proposing their re-appointment will be put to shareholders at the Annual General Meeting.

After proper consideration, the Audit Committee is satisfied that KPMG Audit Plc continue to be objective and independent of the Company.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at the Woodbury Park Hotel, Golf & Country Club, Exeter on 4 May 2006. A formal notice of meeting, an explanatory circular and a form of proxy have been sent to shareholders with this Annual Report.



By order of the Board

Julian Turnbull

Secretary

21 March 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROK PROPERTY SOLUTIONS PLC

We have audited the Group and parent company financial statements (the 'financial statements') of Rok property solutions plc for the year ended 31 December 2005 which comprise the Group income statement, the Group and parent company balance sheets, the Group and parent company cash flow statements and the Group and parent company statements of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Report that is described as having been audited.

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

The directors' responsibilities for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 64.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited 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 whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the financial statements, Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Other Statutory Information 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 other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 and the part of the Remuneration Report to be audited. 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 Group's and 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 and the part of the Remuneration Report to be audited 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 and the part of the Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2005 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2005
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the financial statements, Article 4 of the IAS regulation.

KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

Registered Auditor
21 March 2006

L. P. G. Audit Plc

FIVE YEAR SUMMARY

	2005	2004	2003	2002	2001
	£m	Restated* £m	£m	£m	£m
Income statement					
Revenue	555.8	494.5	380.0	221.0	125.0
Gross profit	68.0	55.4	40.6	25.5	15.7
Operating and administrative expenses	(47.9)	(39.5)	(27.5)	(18.1)	(11.3)
Exceptional items	(0.3)	(0.9)	-	(1.5)	-
Operating profit before goodwill amortisation	19.8	15.0	13.1	5.9	4.4
Goodwill amortisation and impairment	(0.4)	(1.3)	(1.4)	(0.8)	(0.4)
Share of post tax profit in joint ventures	-	0.4	-	-	-
Net interest paid	(3.3)	(2.4)	(1.6)	(0.6)	(0.2)
Profit before taxation	16.1	11.7	10.1	4.5	3.8
Income tax	(4.4)	(3.7)	(3.3)	(1.2)	(0.9)
Profit for the financial year	11.7	8.0	6.8	3.3	2.9
Dividends	(2.7)	(1.9)	(1.6)	(1.3)	(1.0)
Retained profit	9.0	6.1	5.2	2.0	1.9
Earnings per share:					
Basic	42.3p	31.3p	26.9p	15.3p	17.2p
Exceptional items	0.6p	2.3p	-	4.8p	-
Goodwill charges	1.1p	5.1p	5.6p	3.7p	2.3p
Adjusted	44.0p	38.7p	32.5p	23.8p	19.5p
Diluted	41.7p	30.3p	25.4p	14.5p	17.0p
Dividends per share	12.0p	8.4p	6.4p	5.5p	5.0p
Balance sheet					
Non-current assets	63.7	45.4	32.2	39.1	14.0
Net current assets	57.3	30.8	21.8	18.3	12.7
Total assets less current liabilities	121.0	76.2	54.0	57.4	26.7
Non-current liabilities	(41.5)	(15.0)	(9.2)	(13.1)	(6.2)
Provisions	(28.2)	(25.2)	(17.4)	(14.6)	(1.1)
Net assets	51.3	36.0	27.4	29.7	19.4
Net debt	(15.2)	(9.9)	(2.6)	(7.7)	(4.2)

*See Note 4.

2005 and 2004 have been presented in accordance with IFRS. Prior years have not been adjusted to reflect for differences between UK GAAP and EU endorsed IFRSs.

SHAREHOLDER INFORMATION

GROUP INFORMATION

The Company welcomes contact with investors, brokers, analysts and other parties requiring information about Rok.

Information on the Company can be found on our website :
www.rokgroup.com and you can contact us on email at : info@rokgroup.com.

If you have any questions about the Company, you can contact Garvis Snook, Ashley Martin or the Group's senior independent director, Gillian Camm, at Rok Centre, Sceptre Court, 40 Tower Hill, London EC3N 4DX.

Contact details for the Rok offices around the United Kingdom are shown on the inside back cover of this Annual Report.

SHAREHOLDER ENQUIRIES

All enquiries relating to shareholdings should be directed to the Company's Registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH or by telephone to their shareholders' helpline on 0870 702 0000.

SCRIP DIVIDEND SCHEME

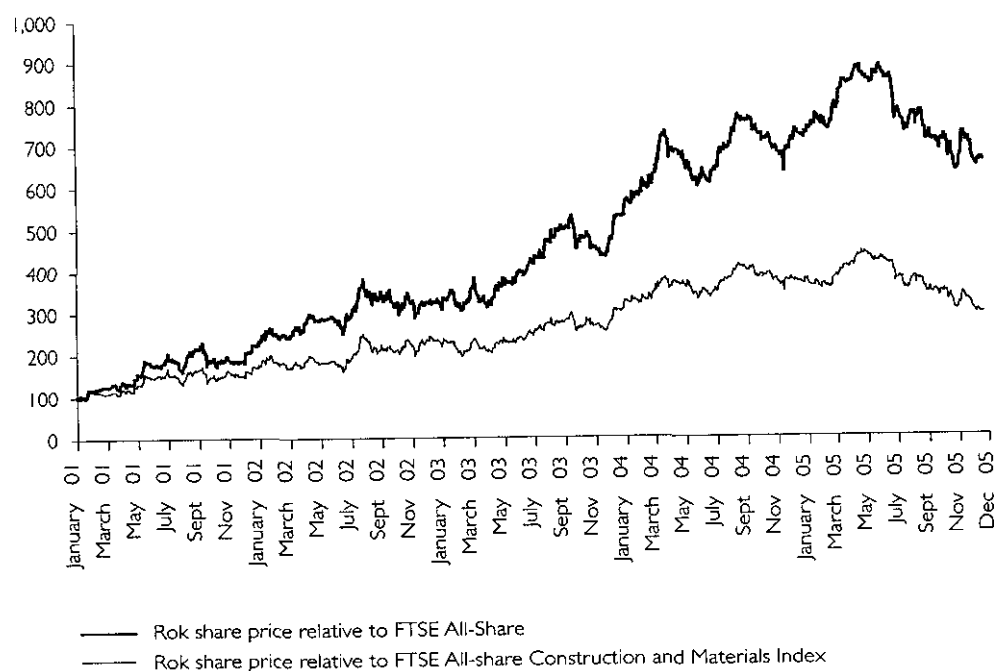
A scrip dividend alternative is available based on the scheme rules, copies of which, together with a scrip dividend mandate, may be obtained from the Registrars. Shareholders who have already lodged a mandate and who wish to remain in the scheme need take no action, whereas those who wish to cancel an existing mandate and receive a cash dividend should advise the Registrars in writing by 28 April 2006. Shareholders who have not yet lodged a mandate but who wish to take the scrip dividend need to complete a mandate and return this to the Registrars to arrive by 28 April 2006.

SHARE PRICE

The Rok property solutions plc share price can be found on www.rokgroup.com, in appropriate sections of several national newspapers under the 'Construction and Materials' classification, on page 230 on Ceefax or by calling the FT Cityline on 0906 003 2411 and then using the 4 digit number 2411. Calls to this service are charged at 60p per minute (plus VAT) at all times.

SHARE PRICE PERFORMANCE

This graph shows the relative share price performance of Rok property solutions plc in comparison with the performance of the FTSE All Share Index and the FTSE Construction and Materials Index over the past five years.



SHAREHOLDER INFORMATION (CONTINUED)

ANALYSIS OF SHAREHOLDERS AT 31 DECEMBER 2005

Number of shares held	Number of holders	%
1 to 10,000	1,496	15.57
10,001 to 100,000	149	15.46
100,001 to 250,000	20	11.02
250,001 to 500,000	7	9.39
500,001 to 1,000,000	6	14.56
1,000,001 and above	8	34.00
	1,686	100.00

FINANCIAL CALENDAR

The Company's financial calendar for 2006 is:

Announcement of results	21 March 2006
Ex-dividend date	5 April 2006
Dividend record date	7 April 2006
Annual General Meeting	4 May 2006
Final dividend date	12 May 2006
Interim results announced	August 2006
Interim dividend paid	October 2006

SHARE DEALING SERVICES

The following share dealing services are available through our Registrars, Computershare Investor Services PLC:

Internet share dealing

Please note that, at present, this service is only available to shareholders in certain European jurisdictions. This service provides shareholders with an easy way to buy or sell Rok property solutions plc ordinary shares on the London Stock Exchange. The commission is just 0.5%, subject to a minimum charge of GBP15. In addition stamp duty, currently 0.5%, is payable on purchases. There is no need to open an account in order to deal. Real time dealing is available during market hours. In addition there is a convenient facility to place your order outside of market hours. Up to 90 day limit orders are available for sales. To access the service log on to www.computershare.com/dealing/uk. Shareholders should have their Shareholder Reference Number (SRN) available. The SRN appears on share certificates. A bank debit card will be required for purchases.

Telephone share dealing

Please note this service is, at present, only available to shareholders resident in the UK and Ireland. The commission is 1%, subject to a minimum charge of GBP15. In addition stamp duty, currently 0.5%, is payable on purchases. The service is available from 8am to 4.30pm Monday to Friday, excluding bank holidays, on telephone number 0870 703 0084. Shareholders should have their Shareholder Reference Number (SRN) ready when making the call. The SRN appears on share certificates. A bank debit card will be required for purchases. Detailed terms and conditions are available on request by telephoning 0870 703 0119.

These services are offered on an execution only basis and subject to the applicable terms and conditions. This is not a recommendation to buy, sell or hold shares in Rok property solutions plc. Shareholders who are unsure of what action to take should obtain independent financial advice. Share values may go down as well as up which may result in a shareholder receiving less than he/she originally invested.

To the extent that this statement is a financial promotion for the share dealing service provided by Computershare Investor Services PLC, it has been approved by Computershare Investor Services PLC for the purpose of Section 21(2)(b) of the Financial Services and Markets Act 2000 only. Computershare Investor Services PLC is authorised and regulated by the Financial Services Authority. Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

ENVIRONMENTAL STATEMENT

This years report is printed on Hello Silk paper and cover board, with Revive Uncoated used in the financial section. Hello Silk is made from virgin wood fibre from sawmill residues, forest thinnings and sustainable forests in Europe. Revive Uncoated is made from 80% de-inked post consumer waste and 20% virgin wood fibre from sawmill residues, forest thinnings and sustainable forests. Both products are fully biodegradable and recyclable and products in mills which hold ISO 9002 and ISO 14001 accreditation. All printers inks are vegetable soya based made by Stelings inks.

CONTACT POINTS

PLC OFFICE

London	020 7977 5900
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ROK BUILDING AND ROK MAINTENANCE OFFICES

Birmingham	0121 786 1616
Bolton	01942 811849
Brentford	020 8568 6500
Brighton	01273 391193
Bristol	01275 378800
Chester	01244 852400
Crawley	01293 643100
Croydon	01883 621170
Dartford	01322 284330
Eastbourne	01323 434000
Exeter	01392 354030
Glasgow	0141 420 7600
National Maintenance Contact Centre	0870 6080717
Grimsby	01472 361338
Hackney	020 8806 6271
Harlow	01279 408241
Leeds	01132 509279
London	020 7977 5900
London Heathrow	020 8745 6682
Manchester	0161 877 1411
Milton Keynes	01908 679222
Newcastle	0191 495 6200
Oxford	01865 305950
Plymouth	01752 237500
Poole	01202 731144
Preston	01772 259559
Reading	01189 323300
Sheffield	01142 448027
Solent	01489 569900
Stafford	01785 255322
Taunton	01823 446020
Teesside	01642 616616
Torquay	01803 616171
Truro	01872 243600
Wakefield	01924 369726
Yeovil	01935 424444

ROK DEVELOPMENT OFFICES

Bristol	0117 927 9700
Crawley	01293 649450
Exeter	01392 361600
Manchester	0161 877 1060
Southampton	02380 212060

REGISTERED OFFICE

Rok Centre, Guardian Road, Exeter Business Park, Exeter EX1 3PD
t: 01392 354000



**MOULDBREAKING
LEADTAKING
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FUNLOVING ROK!**




Company number: 358466

**NOTICE OF TRANSFER OF DOCUMENTS FROM
COMPANY RECORD**

Company Name: Rok plc

Document Transferred: Accounts for year ending 31st December 2005

Reason For Transfer: Entered on wrong company. (4147559 Roc Property Solutions plc)

Signed: 

For and on behalf of the Register

Dated...25/07/06.....