REGISTERED NUMBER: 2196821

CASTLEOAK CONSTRUCTION LIMITED

REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2005

Peacheys
Chartered Accountants & Registered Auditors
22 Chepstow Road
NEWPORT
Gwent
NP19 8EA





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CASTLEOAK CONSTRUCTION LIMITED

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CASTLEOAK CONSTRUCTION LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2005

DIRECTORS:	Mr S D Greenstreet Mr C R Knight Mr M W Knight Mr E F March Mr P Stephens
SECRETARY:	Mrs A J Knight
REGISTERED OFFICE:	Raglan House Greenwood Close Cardiff Gate Business Park Cardiff South Glamorgan CF23 8RD
REGISTERED NUMBER:	2196821
AUDITORS:	Peacheys Chartered Accountants & Registered Auditors 22 Chepstow Road NEWPORT Gwent NP19 8EA
BANKERS:	HSBC Bank Plc 2 Frogmore Street Abergavenny Monmouthshire NP7 5AF
BANKERS:	Bank of Scotland 1 Kingsway Cardiff CF10 3YB

CASTLEOAK CONSTRUCTION LIMITED

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST MARCH 2005

I am proud to report in another year of high achievement for Castleoak. Firstly, from a financial point of view, our turnover increased by a demanding 39% to £23m and our profitability grew just ahead of this by 42%. This has enable us to report a net asset value in excess of £1m for the first time and highlights the firm financial foundation upon which we are building.

But the number, of course, only tell one part of the story.

In the past twelve months we have begun work on a development programme designed to crystallise our purpose and values and streamline all our operating procedures as we embrace the principles of 'lean construction.' This exercise has provided the catalyst for the rebrand, which is being launched in June 2005, including the change of name from Castleoak Construction Limited to Castleoak Care Partnerships Limited which more accurately describes what we do and how we work.

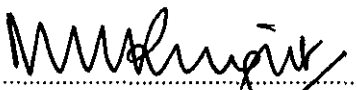
We have consolidated our working relationships with existing partners and developed relationships with new customers.

On the human resource front, we have continued to attract the very best calibre people and our commitment to training and development has been recognised in our decision to seek Investors in People accreditation. We were particularly delighted to be ranked 4th in the UK in the SME category of the Sunday Times 'Best Companies to Work for' awards.

Our commitment to communities has continued. We were recognised with a national award under the Considerate Constructor scheme and our Community Support programme achieved a special Sunday Times award under the 'Giving Something Back' category.

Like all companies of course, we are not fed a diet of unrelenting success. We have our issues and have identified areas where we would like to do better. These form part of our future development programme which is contained within a 5 year business strategy.

As I look forward to the challenges of this programme and a firm long-term order book, my thanks go to all our partners and to all my colleagues for their support throughout the past twelve months.



Melville W Knight MA (Cantab)
Executive Chairman

Date: 3rd June 2005

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2005

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

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of building contractors.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS
No interim dividend was paid during the year. The directors recommend a final dividend of 99.97p per share.

The total distribution of dividends for the year ended 31st March 2005 will be £150,000.

DIRECTORS
The directors during the year under review were:

Mr S D Greenstreet
Mr C R Knight
Mr M W Knight
Mr E F March
Mr P Stephens

The directors holding office at 31st March 2005 did not hold any beneficial interest in the issued share capital of the company at 1st April 2004 or 31st March 2005.

The directors held the following proportion of shares in the parent company Castleoak Holdings Limited:

Mr S D Greenstreet	15%
Mr C R Knight	22%
Mr M W Knight	46%
Mr E F March	5%
Mr P Stephens	0%

POLITICAL AND CHARITABLE CONTRIBUTIONS
During the year, the company made charitable donations totalling £14,137.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

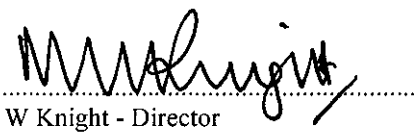
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2005

AUDITORS

The auditors, Peacheys, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mr M W Knight - Director

Date: 3 June 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF CASTLEOAK CONSTRUCTION LIMITED

We have audited the financial statements of Castleoak Construction Limited for the year ended 31st March 2005 on pages six to sixteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Peacheys
Chartered Accountants & Registered Auditors
22 Chepstow Road
NEWPORT
Gwent
NP19 8EA

Date: 4 June 2005

CASTLEOAK CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2005

	Notes	2005 £	2005 £	2004 £	2004 £
TURNOVER	2		**23,232,788**		16,771,764
Cost of sales			**19,718,067**		14,020,759
GROSS PROFIT			**3,514,721**		2,751,005
Administrative expenses			**2,989,170**		2,381,575
			525,551		369,430
Other operating income	3		**36,611**		43,835
OPERATING PROFIT	5		**562,162**		413,265
Income from participating interests	6	-		6,000	
Interest receivable and similar income		**78,866**		42,942	
			78,866		48,942
			641,028		462,207
Interest payable and similar charges	7		**26,953**		28,857
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			**614,075**		433,350
Tax on profit on ordinary activities	8		**214,891**		140,504
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			**399,184**		292,846
Dividends	9		**150,000**		75,000
RETAINED PROFIT FOR THE YEAR			**249,184**		217,846

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

CASTLEOAK CONSTRUCTION LIMITED

BALANCE SHEET
31ST MARCH 2005

	Notes	2005 £	2005 £	2004 £	2004 £
FIXED ASSETS					
Tangible assets	10		**1,183,775**		1,122,383
Investments	11		**1,998**		96,129
			1,185,773		1,218,512
CURRENT ASSETS					
Stocks	12	**928,156**		55,364	
Debtors	13	**3,469,111**		2,651,866	
Investments	14	**190,000**		-	
Cash at bank and in hand		**2,692,878**		1,087,165	
		7,280,145		3,794,395	
CREDITORS					
Amounts falling due within one year	15	**6,826,170**		3,590,839	
NET CURRENT ASSETS			**453,975**		203,556
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,639,748**		1,422,068
CREDITORS					
Amounts falling due after more than one year	16		**(449,627)**		(485,216)
PROVISIONS FOR LIABILITIES AND CHARGES	20		**(34,671)**		(30,586)
			1,155,450		906,266
CAPITAL AND RESERVES					
Called up share capital	21		**150,050**		150,050
Revaluation reserve	22		**1,998**		1,998
Profit and loss account	22		**1,003,402**		754,218
SHAREHOLDERS' FUNDS	27		**1,155,450**		906,266

ON BEHALF OF THE BOARD:

.....

Mr M W Knight - Director

Approved by the Board on 3 June 2005

The notes form part of these financial statements

1. ACCOUNTING POLICIES

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

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 30% on cost

Stocks
Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Investment income
Investment income comprises dividends and interest and is accounted for on a receivable basis.

Investments
Investments are included at market value. Any gains or losses arising from valuations of fixed asset investments are transfered to the revaluation reserve.

Consolidation
The financial statements contain information about Castleoak Construction Ltd as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken advantage of the fact that its results are included in the consolidate financial statements prepared for its parent company, Castleoak Holdings Ltd.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

continued...

3. OTHER OPERATING INCOME

	2005	2004
	£	£
Rents received	35,111	37,835
Management charges receivable	1,500	6,000
	36,611	43,835

4. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	1,709,752	1,442,237
Social security costs	209,038	142,549
Other pension costs	54,637	49,863
	1,973,427	1,634,649

The average monthly number of employees during the year was as follows:

	2005	2004
Production staff	38	36
Administrative staff	6	5
Management staff	8	6
	52	47

5. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Hire of plant and machinery	716,753	291,329
Other operating leases	3,526	4,969
Depreciation - owned assets	48,465	41,741
Depreciation - assets on hire purchase contracts	45,204	30,582
Loss on disposal of fixed assets	-	24,066
Auditors remuneration	4,000	4,000
Directors' emoluments	389,945	339,933
Directors' pension contributions to money purchase schemes	24,111	32,436

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	5	5

Information regarding the highest paid director is as follows:

	2005	2004
	£	£
Emoluments etc	103,720	87,136

continued...

6. INCOME FROM PARTICIPATING INTERESTS

	2005	2004
	£	£
Other participating interests	-	6,000

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank loan interest	21,198	25,797
Hire purchase	5,755	3,060
	26,953	28,857

8. TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	2005	2004
	£	£
Current tax:		
UK corporation tax	210,806	135,383
Deferred tax	4,085	5,121
Tax on profit on ordinary activities	214,891	140,504

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2005	2004
	£	£
Profit on ordinary activities before tax	614,075	433,350
Profit on ordinary activities *multiplied by the standard rate of corporation tax* in the UK of 30% (2004 - 30%)	184,223	130,005
Effects of:		
Increase in tax liability due to disallowable expenditure	39,463	40,156
Decrease in tax liability due to capital allowances	(11,691)	(31,751)
Decrease in tax liability due to intercompany dividend	-	(1,800)
Decrease in tax liability due to marginal rate relief	(1,189)	(1,227)
Current tax charge	210,806	135,383

9. DIVIDENDS

	2005	2004
	£	£
Equity shares:		
Final	150,000	75,000

continued...

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1st April 2004	912,908	102,504	356,359	105,147	1,476,918
Additions	-	54,243	80,675	20,143	155,061
At 31st March 2005	912,908	156,747	437,034	125,290	1,631,979
DEPRECIATION					
At 1st April 2004	-	76,121	210,156	68,258	354,535
Charge for year	914	16,537	60,991	15,227	93,669
At 31st March 2005	914	92,658	271,147	83,485	448,204
NET BOOK VALUE					
At 31st March 2005	911,994	64,089	165,887	41,805	1,183,775
At 31st March 2004	912,908	26,383	146,203	36,889	1,122,383

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st April 2004	38,439	63,015	46,437	147,891
Additions	44,396	41,878	7,660	93,934
Transfer to ownership	-	(15,190)	(7,250)	(22,440)
At 31st March 2005	82,835	89,703	46,847	219,385
DEPRECIATION				
At 1st April 2004	12,813	21,237	9,549	43,599
Charge for year	14,800	16,917	13,487	45,204
Transfer to ownership	-	(8,486)	(6,161)	(14,647)
At 31st March 2005	27,613	29,668	16,875	74,156
NET BOOK VALUE				
At 31st March 2005	55,222	60,035	29,972	145,229
At 31st March 2004	25,626	41,778	36,888	104,292

continued...

11. FIXED ASSET INVESTMENTS

	Listed investments £	Unlisted investments £	Totals £
COST			
At 1st April 2004	**1,998**	**94,131**	**96,129**
Disposals	**-**	**(29,131)**	**(29,131)**
Impairments	**-**	**(65,000)**	**(65,000)**
At 31st March 2005	**1,998**	**-**	**1,998**
NET BOOK VALUE			
At 31st March 2005	**1,998**	**-**	**1,998**
At 31st March 2004	1,998	94,131	96,129

Included in the above investment, is a value of £1,998 in respect of listed investments, the market value of them as at 31 March 2005 being £2,102.

The above investment of £nil represents 50% holding in Duryard Care Limited, a residential home business. Loss for the year to 31 March 2003 £1,986 Net assets £64,977.

12. STOCKS

	2005 £	2004 £
Work-in-progress	**928,156**	55,364

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	**3,049,689**	2,321,332
Other debtors	**38,208**	110,672
Directors' current accounts	**137,660**	36,660
VAT	**135,527**	107,810
Prepayments and accrued income	**108,027**	75,392
	3,469,111	2,651,866

Included in other debtors is an amount due from Castleoak Ltd and its subsidiaries, of £nil (2004 : £36,238).

Included within other debtors is £Nil (2004 : £23,000) of funds placed on deposit with financial institution which were held against performance bonds on certain construction projects. These funds are due back to the company on successful completion of these projects.

14. CURRENT ASSET INVESTMENTS

	2005 £	2004 £
Other investments	**190,000**	-

The above investment represents shares held in an investment fund, the market value at the year end being £202,208.

continued...

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts (see note 17)	**105,627**	32,261
Hire purchase contracts (see note 18)	**68,170**	40,286
Trade creditors	**5,069,246**	1,798,575
Tax	**210,806**	135,383
Social security and other taxes	**97,624**	64,194
Other creditors	**44,876**	69,319
Accruals and deferred income	**1,229,821**	1,450,821
	6,826,170	3,590,839

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005	2004
	£	£
Bank loans (see note 17)	**138,734**	410,747
Hire purchase contracts (see note 18)	**70,893**	74,469
Trade creditors	**240,000**	-
	449,627	485,216

The bank loan was taken out in 2003 for a period of 15 years, to fund the purchase of the long leasehold property at a variable of 1.5% over base. The bank has a first mortgage dated over the leasehold property.

17. LOANS

An analysis of the maturity of loans is given below:

	2005	2004
	£	£
Amounts falling due within one year or on demand:		
Bank loans	**105,627**	32,261
Amounts falling due between two and five years:		
Bank loans - 2-5 years	**138,734**	410,747

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2005	2004
	£	£
Net obligations repayable:		
Within one year	**68,170**	40,286
Between one and five years	**70,893**	74,469
	139,063	114,755

continued...

19. SECURED DEBTS

The following secured debts are included within creditors:

	2005	2004
	£	£
Bank loans	244,361	443,008

20. PROVISION FOR LIABILITIES AND CHARGES

	2005	2004
	£	£
Deferred tax	34,671	30,586

	Deferred tax
	£
Balance at 1st April 2004	30,586
Movement during year	4,085
Balance at 31st March 2005	34,671

21. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2005 £	2004 £
151,000	Ordinary	£1	151,000	151,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2005 £	2004 £
150,050	Ordinary	£1	150,050	150,050

22. RESERVES

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1st April 2004	754,218	1,998	756,216
Retained profit for the year	249,184	-	249,184
At 31st March 2005	1,003,402	1,998	1,005,400

23. PENSION COMMITMENTS

The total contributions paid in the period amounted to £54,637 (2004 : £49,863).

continued...

24. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 31st March 2005:

	£
Mr M W Knight	
Balance outstanding at start of year	**11,312**
Balance outstanding at end of year	**51,812**
Maximum balance outstanding during year	**51,812**
Mr C R Knight	
Balance outstanding at start of year	**20,657**
Balance outstanding at end of year	**61,157**
Maximum balance outstanding during year	**61,157**
Mr S D Greenstreet	
Balance outstanding at start of year	**4,691**
Balance outstanding at end of year	**24,691**
Maximum balance outstanding during year	**24,691**

The directors each operate a current loan account with the company, which is debited with payments made by the company on behalf of the directors and credited with capital introduced and undrawn director's fees. The following is the total amount outstanding from the directors £137,660 (2004 : £36,660) and is included in debtors amounts falling due within one year.

25. RELATED PARTY DISCLOSURES

Included within other debtors is an amount £nil (2004 : £36,238) due from Castleoak Ltd and its subsidiaries, a company with the same directors.

During the year, investments costing £29,131 held by the company, were purchased by the directors at fair value.

The company has taken advantage of the exemption to disclose related party transactions with other group entities under FRS8.

26. ULTIMATE CONTROLLING PARTY

The ultimate holding company is Castleoak Holdings Ltd, which is incorporated in England and Wales. Copies of its group accounts, which include the company, are available from Raglan House, Greenwood Close, Cardiff Business Park, South Wales or from Companies House. There is no ultimate controlling party in Castleoak Holdings Limited.

continued...

27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	**399,184**	292,846
Dividends	**(150,000)**	(75,000)
Opening shareholder's funds		
Net addition to shareholders' funds	**249,184**	217,846
Opening shareholders' funds	**906,266**	688,420
Closing shareholders' funds	**1,155,450**	906,266
Equity interests	**1,155,450**	906,266