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Walbrook Assets Limited

Report of the Directors and Financial Statements
for the year ended 31 March 2005



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Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.



Principal Activities and Business Review

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The principal activity of the Company is that of investment in property and lettings. The results for the year are set out in the profit and loss account on page 6.

The directors of the Company have prepared these financial statements under the going concern basis. The Company has received a letter of financial support from the directors of Rothschilds Continuation Holdings AG, an intermediate holding company.

Dividends

The directors do not recommend the payment of a dividend (2004: £nil).

Directors and Directors' Interests

The directors who held office during the year were as follows:

Anthony Chapman
Sir Clive Whitmore
Jonathan Westcott

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company. None of the directors had any interest in the shares of Group undertakings during the year.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By Order of the Board
N M Rothschild & Sons Limited
Secretary

New Court, St. Swithin's Lane, London EC4P 4DU

11 May 2005

Statement of Directors' Responsibilities in Relation to Financial Statements



The directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the year. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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The directors consider that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements on a going concern basis, and that applicable accounting standards have been followed. These policies and standards, for which the directors accept responsibility, have been discussed with the auditors. The directors are required to use the going concern basis in preparing the financial statements unless this is inappropriate.

Report of the Independent Auditors, KPMG Audit Plc, to the Members of Walbrook Assets Limited



We have audited the financial statements on pages 6 to 10.

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

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Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of Audit Opinion

We conducted our audit in accordance with 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.

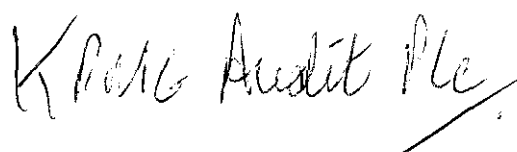
Report of the Independent Auditors, KPMG Audit Plc, to the Members of Walbrook Assets Limited



Opinion

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

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KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

11 May 2005

Profit and Loss Account

For the year ended 31 March 2005



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	Note	2005 £	2004 £
Turnover			
Rent receivable		120,000	120,000
Gross profit		120,000	120,000
Depreciation	5	(1,000,000)	-
Operating (loss)/profit		(880,000)	120,000
Interest payable		(150,143)	(121,104)
Loss on ordinary activities before tax	2	(1,030,143)	(1,104)
Tax credit on loss on ordinary activities	4	9,043	331
Loss for the financial year		(1,021,100)	(773)
Retained loss brought forward		(154,971)	(154,198)
Retained loss carried forward		(1,176,071)	(154,971)

Statement of Total Recognised Gains and Losses

A statement of total recognised gains and losses is not required as all recognised gains and losses incurred during the year are shown in the profit and loss account.

Balance Sheet

At 31 March 2005



	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	5		2,131,024		3,131,024
Current assets					
Debtors	6	9,045		333	
Creditors: amounts falling due within one year	7	(3,316,138)		(3,286,326)	
Net current liabilities			(3,307,093)		(3,285,993)
Total assets less current liabilities			(1,176,069)		(154,969)
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account			(1,176,071)		(154,971)
Equity shareholders' funds	9		(1,176,069)		(154,969)

Approved by the Board of Directors on 11 May 2005 and signed on its behalf by:

Anthony Chapman, Director

The notes on pages 8 to 10 form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2005



1. Accounting Policies

The principal accounting policies which have been consistently adopted in the presentation of the financial statements are as follows:

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a. Basis of presentation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary of Rothschilds Continuation Limited.

b. Fixed assets and depreciation

Fixed assets are recorded at cost less provisions for any impairment in their value. Incidental costs relating to the purchase of these assets are capitalised.

No depreciation is provided on freehold properties or properties on leases with more than twenty years to run at the balance sheet date. It is the Company's policy to maintain these properties in a good state of repair and it is considered that the residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are such that any depreciation is insignificant.

c. Related party transactions

As the Company is an indirect wholly owned subsidiary undertaking of Rothschilds Continuation Holdings AG, for which consolidated accounts are publicly available, it is exempt from the disclosure requirements of Financial Reporting Standard 8 in respect of transactions with other entities within the Rothschilds Continuation Holdings AG group which have been eliminated upon consolidation.

2. Loss on Ordinary Activities Before Tax

	2005 £	2004 £
Is stated after		
i. Charges		
Interest payable to Group undertakings	150,143	121,104

The audit fee is paid on a group basis by N M Rothschild & Sons Limited in whose financial statements the costs are disclosed.

3. Directors' Emoluments

None of the directors received any remuneration from the Company during the year (2004: £nil).

Notes to the Financial Statements



4. Tax Credit on Loss on Ordinary Activities

The current tax credit for the year may be explained as follows:

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	2005 £	2004 £
United Kingdom corporation tax credit at 30% (2004: 30%)	9,043	331

No tax relief has been recognised with regard to the property impairment of £1 million as it is unlikely that a usable tax loss will arise in the foreseeable future.

5. Tangible Fixed Asset

	Freehold Land and Buildings £
Cost	
At beginning of year and end of year	3,131,024
Depreciation	
At 1 April 2004	-
Charge for year	1,000,000
At 31 March 2005	1,000,000
Net book value at 31 st March 2005	2,131,024
Net book value at 31 st March 2004	3,131,024

The depreciation charge for the year related to an impairment writedown on the above property. The directors consider that the impairment is permanent.

6. Debtors: Amounts Falling Due Within One Year

	2005 £	2004 £
Group relief receivable	9,043	331
Prepayments and accrued income	2	2
	9,045	333

Notes to the Financial Statements



7 Creditors: Amounts Falling Due Within One Year

	2005 £	2004 £
Overdraft with a Group undertaking	3,313,035	3,284,167
Amounts owed to Group undertakings	3,018	2,159
Deferred income	85	-
	3,316,138	3,286,326

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8. Called Up Share Capital

	2005 £	2004 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

9. Reconciliation of Movements in Equity Shareholders' Funds

	2005 £	2004 £
Opening equity shareholders' funds	(154,969)	(154,196)
Loss for the financial year	(1,021,100)	(773)
Closing equity shareholders' funds	(1,176,069)	(154,969)

10. Parent Undertaking and Ultimate Holding Company

The largest group in which the results of the Company are consolidated is that headed by Concordia BV, incorporated in The Netherlands. The smallest group in which they are consolidated is that headed by Rothschilds Continuation Limited, registered in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

The Company's ultimate parent company is Concordia BV, which is incorporated in The Netherlands. Throughout the year, the Concordia BV was controlled by the Rothschild family and their interests.

The Company's registered office is located at New Court, St. Swithin's Lane, London EC4P 4DU.