

Registered number: 951043

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH  
INVESTMENT MANAGERS GROUP LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2007**

THURSDAY



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25/09/2008  
COMPANIES HOUSE

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**DIRECTORS' REPORT**

**For the period ended 31 December 2007**

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The directors present their report and the audited financial statements of BlackRock Group Limited (formerly Merrill Lynch Investment Managers Group Limited) (the "Company") for the period ended 31 December 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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 as at the end of the financial year and of the profit or loss of the Company for that period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report, which comply with the requirements of the Companies Act 1985

Each of the persons who is a director at the date of approval of this report confirms that

(A) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(B) the director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985

**BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company is the holding company of a group engaged in the provision of investment management and advisory services. During the period the Company changed its accounting reference date to 31 December 2007. This was done to align the reporting date with the rest of the group.

On 29 September 2006, Merrill Lynch & Co transferred its investment management business to BlackRock, Inc. Merrill Lynch Investment Managers Group Limited was one of the subsidiaries sold to BlackRock, Inc. and renamed on 2 October 2006 to BlackRock Group Limited.

The Company acts as the United Kingdom holding company of the BlackRock group of companies. There have not been any significant changes in the company's principal activities in the period under review. The directors propose that the principal activities will continue during 2008.

The balance sheet on page 7 of the financial statements as at 31 December 2007 shows net assets of £288,829,000 (29 September 2006 £170,795,000), an increase of 69%. This is in line with management's expectations and is principally driven by the acquisition of subsidiaries during the period.

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**DIRECTORS' REPORT**

**For the period ended 31 December 2007**

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**Principal Risks and Uncertainties**

Principal risks and uncertainties are managed by BlackRock, Inc ("BlackRock") at a global level

As a leading investment management firm risk is an inherent part of BlackRock's business. Global markets, by their nature, are prone to uncertainty and subject participants to a variety of risks. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring, managing and analysing market and operating risks, including investments in personnel and technology.

The specific risks and uncertainties relevant to the Company include

- Change in securities markets could lead to a decline in revenues,
- Poor investment performance could lead to the loss of clients and a decline in revenues,
- Loss of key employees could lead to the loss of clients and a decline in revenues,
- Loss of significant separate accounts could decrease revenues,
- Performance fees may increase earnings volatility, which could decrease BlackRock's stock price,
- Failure to maintain adequate infrastructure could impede BlackRock's ability to support business growth,
- Failure to comply with government regulations could result in fines or temporary or permanent prohibitions on business activities, which could cause BlackRock's earnings or stock price to decline, and
- The occurrence of one or more of the above events could adversely affect the reputation of the company and hence its ability to generate revenues in the longer term

The Company has no material exposures to credit risk and liquidity risk in relation to financial instruments. The Company has some exposure to currency risk, in relation to the impacts of changes in the value of foreign currencies on amounts receivable and payable. The Company manages the exposure to foreign exchange by converting cash balances to functional currency where this is causing ongoing exposure. The Company also has some exposure to market risk in relation to seed investments. These investments are monitored on a monthly basis and generally redeemed as soon as the fund reaches target size.

As at 31 December 2007 BlackRock Group Limited reported its capital requirement in accordance with the Capital Requirements Directive, as approved by the European Parliament in 2006 and implemented by the Financial Services Authority in the UK through the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). Chapter 11 of BIPRU sets out specific disclosure requirements under 'Pillar Three' (as defined by the 'Basel II' Framework issued by the Basel Committee on Banking Supervision), relating to the firm's approach to risk and capital management.

The Directors have considered their policy on Pillar 3 disclosure in accordance with BIPRU 11.3 and have decided that the global website of the BlackRock Group is the most appropriate medium to make the requisite information readily available to the general public. The disclosure is to be found at the following website address: [www2.blackrock.com/global/home/InvestorRelations/CorporateGovernance/index.htm](http://www2.blackrock.com/global/home/InvestorRelations/CorporateGovernance/index.htm)

**RESULTS AND DIVIDENDS**

The profit for the period, after taxation, amounted to £86,693,000 (2006 profit £377,971,000)

During the period the Company paid dividends of £80,000,000 (2006 £411,759,000). Subsequent to year end the Company paid a dividend of £130,000,000. Refer to note 15 for further detail on the dividend paid.

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**DIRECTORS' REPORT**  
For the period ended 31 December 2007

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**DIRECTORS**

The directors who served during the period and up to the date of signing this report were as follows

R W Fairbairn (appointed 18 September 2007)  
N C D Hall  
N T Jones (resigned 17 September 2007)  
Q R S Price (appointed 18 September 2007)  
C J Rimmer (resigned 23 July 2007)  
J T Stratford (resigned 19 September 2007)  
K M Shircliff (resigned 7 March 2008)  
R C Tooze (appointed 16 June 2008)

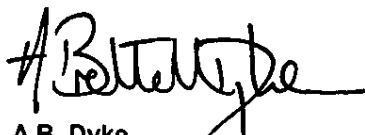
**DIRECTORS' INDEMNITIES**

BlackRock, Inc. had in place Directors and Officers Insurance that extended coverage to the Company's directors during the period, which cover remains in force at the date of this report

**AUDITORS**

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term

This report was approved by the Board on 18 September 2008 and signed on its behalf



**A.B. Dyke**  
Company Secretary  
London

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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We have audited the financial statements of BlackRock Group Limited (formerly Merrill Lynch Investment Managers Group Limited) (the "Company") for the period from 30 September 2006 to 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

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

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

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKROCK GROUP LIMITED  
(FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

23 September 2008

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**PROFIT AND LOSS ACCOUNT**  
**For the period ended 31 December 2007**

		<b>30 September 2006 to 31 December 2007 £000</b>	<b>31 December 2005 to 29 September 2006 £000</b>
	<b>Note</b>		
Administrative expenses		(8)	(618)
Profit on sale of current investments		6,379	2,895
Other income		3,584	-
<b>OPERATING PROFIT</b>	<b>3</b>	<b>9,955</b>	<b>2,277</b>
Income from investments in affiliated companies		80,000	376,610
Other interest receivable and similar income	4	1,514	185
Interest payable and similar charges	5	(1,739)	(1,101)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>89,730</b>	<b>377,971</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>6</b>	<b>(3,037)</b>	<b>-</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>86,693</b>	<b>377,971</b>

Turnover and operating profit derive wholly from continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements



**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**BALANCE SHEET**  
As at 31 December 2007

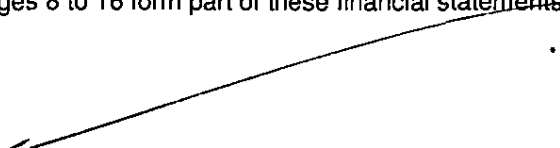
		31 December 2007	29 September 2006
	Note	£000	£000
<b>FIXED ASSETS</b>			
Investments	7	285,762	174,421
<b>CURRENT ASSETS</b>			
Debtors	9	47,311	-
Investments	10	69,199	64,768
Cash at bank		18,436	17,806
		<u>134,946</u>	<u>82,574</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	(131,879)	(86,200)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>3,067</u>	<u>(3,626)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>288,829</u>	<u>170,795</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	112,166	112,166
Share premium account	13	158,414	47,073
Capital redemption reserve		7,029	7,029
Profit and loss account	13	11,220	4,527
<b>SHAREHOLDERS' FUNDS</b>	14	<u>288,829</u>	<u>170,795</u>

The financial statements were approved by the Board and authorised for issue on 18 September 2008 and signed on its behalf

R.W. Fairbairn  
Director



The notes on pages 8 to 16 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2007**

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**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior periods.

**1.1 Basis of accounting**

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards.

**1.2 Accounting convention**

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

**1.3 Accounting period**

The Company's financial period is from 30 September 2006 to 31 December 2007 (2006: 31 December 2005 to 29 September 2006).

**1.4 Cash flow**

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) - Cash Flow Statements, as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, BlackRock, Inc.

**1.5 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by or substantively enacted at the balance sheet date.

Deferred tax is recognised as a liability or an asset if, prior to the balance sheet date, the Company has entered into transactions or events have occurred that give rise to timing differences giving the Company an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is measured on a non-discounted basis.

**1.6 Group accounts**

The Company has taken advantage of the exemption in Section 228A of the Companies Act 1985 from the obligation to prepare and deliver group accounts since the ultimate parent company BlackRock, Inc. prepared group accounts which include the Company. Accordingly, the Company's financial statements present information about it as an individual undertaking and not about its group.

**1.7 Investments**

Investments held as fixed assets are stated at cost less provision for impairment. Investments held as current assets are shown at the lower of cost and market value.

**2. PRINCIPAL ACTIVITIES**

The Company is the holding company of a number of affiliated entities engaged in the provision of investment management and advisory services.

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**3 OPERATING PROFIT**

During the period, no director received any emoluments in respect of qualifying services to the Company (2006 £nil) The Company had no employees in the current or preceding period

Auditors' remuneration has been borne by another affiliated company in the current and preceding period Fees payable to the Company's auditors, Deloitte & Touche LLP for the audit of the Company's annual accounts were £28,800 Fees paid to the Company's auditors and its associates for services other than the statutory audit are not disclosed in BlackRock Group Limited accounts since the consolidated accounts of its ultimate parent, BlackRock, Inc , are required to disclose non-audit fees on a consolidated basis

**4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>30 September 2006 to 31 December 2007 £000</b>	<b>31 December 2005 to 29 September 2006 £000</b>
Other interest receivable and similar income		
- From other sources	<b>1,514</b>	<b>185</b>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>30 September 2006 to 31 December 2007 £000</b>	<b>31 December 2005 to 29 September 2006 £000</b>
Interest payable and similar charges		
- To affiliated companies	<b>1,739</b>	<b>1,101</b>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>30 September 2006 to 31 December 2007 £000</b>	<b>31 December 2005 to 29 September 2006 £000</b>
UK corporation tax charge on profit for the period	<b>3,037</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

**Factors affecting tax charge for period**

The tax assessed for the period is lower (2006 lower) than the standard rate of corporation tax in the UK applicable to the Company (30%). The differences are explained below

	<b>30 September 2006 to 31 December 2007 £000</b>	<b>31 December 2005 to 29 September 2006 £000</b>
Profit on ordinary activities before tax	<b>89,730</b>	<b>377,971</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	<b>26,919</b>	<b>113,391</b>
<b>Effects of:</b>		
Non taxable income	<b>(24,000)</b>	<b>(111,614)</b>
UK tax on foreign subsidiaries	<b>118</b>	<b>-</b>
Tax losses claimed from affiliated companies for no payment	<b>-</b>	<b>(1,777)</b>
<b>Current tax charge for period</b>	<b>3,037</b>	<b>-</b>

**7. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary undertakings £000</b>
<b>Cost</b>	
At 30 September 2006	<b>174,421</b>
Additions	<b>111,341</b>
At 31 December 2007	<b>285,762</b>

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2007**

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**7. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertakings**

The Company has investments in the following subsidiary undertakings as at 31 December 2007. The financial period end for each of these subsidiaries is the same as that of the Company. The proportion of ordinary shares in each subsidiary held by the Company is listed below. Subsidiaries are incorporated in the United Kingdom unless otherwise stated. To avoid a statement of excessive length, details of the investments which are not significant have been omitted.

<b>Name</b>	<b>Holdings (%)</b>	<b>Principal activity</b>
BlackRock Investment Management (UK) Limited	100%	Provider of investment management services
BlackRock Pensions Limited	100%	Provider of investment management policies for occupational pension schemes
Mercury Carry Company Limited	100% *	Founding and limited partner in limited partnership
BlackRock Asset Management UK Limited	100%	Provider of investment management services
BlackRock Investment Management (Dublin) Limited	100% **	Provider of investment management services
BlackRock (Deutschland) GmbH	100% ♦	Provider of investment management services
BlackRock International Limited	100%	Provider of investment management services
BlackRock (Netherlands) B V	100% ♦♦	Provider of investment management services
BlackRock (Luxembourg) S A	100% ♦♦♦	Provider of investment management services
BlackRock Fund Management Company S A	100% ♦♦♦	Unit trust management
<b>Subsidiaries indirectly held</b>		
BlackRock Fund Managers Limited	100%	Provider of investment management services
BlackRock Investment Management International Limited	100%	Provider of investment management services

\* Incorporated in Isle of Man

\*\* Incorporated in Dublin

♦ Incorporated in Germany

♦♦ Incorporated in Netherlands

♦♦♦ Incorporated in Luxembourg

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**7. FIXED ASSET INVESTMENTS (continued)**

The Company acquired the following interests on 21 November 2006 for a total consideration of USD 213,960,882

<b>Name</b>	<b>Consideration</b>
BlackRock Asset Management UK Limited	USD 15,000,000
BlackRock (Luxembourg) S A	USD 14,900,000
BlackRock (Netherlands) B V	USD 38,400,000
BlackRock Investment Management (Dublin) Limited	USD 4,900,000
BlackRock (Deutschland) GmbH	USD 65,400,000
BlackRock Fund Management Company S A	USD 1
BlackRock International Limited	USD 75,360,881

The subsidiary undertakings have the following aggregate capital and reserves as at 31 December 2007 and profits for the period then ended

<b>Name</b>	<b>Profit ('000)</b>	<b>Aggregate capital and reserves ('000)</b>
BlackRock Investment Management (UK) Limited	£ 216,303	£ 350,389
BlackRock Pensions Limited	£ 4,107	£ 24,792
Mercury Carry Company Limited	£ 8,712	£ 9,287
BlackRock Asset Management UK Limited	£ 1,224	£ 9,461
BlackRock Investment Management (Dublin) Limited	Eur 660	Eur 3,208
BlackRock (Deutschland) GmbH	Eur 20,891	Eur 31,448
BlackRock International Limited	£ 6,765	£ 44,026
BlackRock (Netherlands) B V	Eur 4,445	Eur 17,455
BlackRock (Luxembourg) S A	Eur 16,645	Eur 29,434
BlackRock Fund Management Company S A	USD 132	USD 601
BlackRock Fund Managers Limited	£ 4,803	£ 23,477
BlackRock Investment Management International Limited	£ 1,724	£ 5,388

The directors are of the opinion that the value of investments is not less than the amount at which they are included in the financial statements

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**8. DIVIDENDS**

	<b>30 September 2006 to 31 December 2007 £000</b>	<b>31 December 2005 to 29 September 2006 £000</b>
Total dividends paid	<b>80,000</b>	<b>411,759</b>

**9. DEBTORS**

	<b>31 December 2007 £000</b>	<b>29 September 2006 £000</b>
Amounts owed by affiliated companies	<b>47,311</b>	<b>-</b>

**10. CURRENT ASSET INVESTMENTS**

	<b>31 December 2007 £000</b>	<b>29 September 2006 £000</b>
Listed investments	<b>69,199</b>	<b>64,768</b>

**Listed investments**

The market value of the listed investments at 31 December 2007 was £75,966,663 (2006 £69,936,000,

**11. CREDITORS**

**Amounts falling due within one year**

	<b>31 December 2007 £000</b>	<b>29 September 2006 £000</b>
Amounts owed to affiliated companies	<b>130,193</b>	<b>86,198</b>
Corporation tax	<b>1,317</b>	<b>-</b>
Other creditors	<b>369</b>	<b>2</b>
	<b>131,879</b>	<b>86,200</b>

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**12. SHARE CAPITAL**

	31 December 2007 £	29 September 2006 £
<b>Authorised</b>		
1,625,799,343 Ordinary Shares of 5p each	81,289,967	81,289,967
1,625,799,344 Participating Preference shares of 5p each	81,289,967	81,289,967
	<u>162,579,934</u>	<u>162,579,934</u>
<b>Allotted, called up and fully paid</b>		
1,121,663,971 Ordinary Shares of 5p each	56,083,199	56,083,198
1,121,663,971 Participating Preference shares of 5p each	56,083,199	56,083,198
	<u>112,166,398</u>	<u>112,166,396</u>

**Rights of Shareholders**  
**Voting Rights**

The Ordinary Shares and the Participating Preference Shares shall entitle the holders to attend and vote at the meetings of the Company

At such meetings, on a resolution being considered on a show of hands each member present in person shall have one vote, and on a poll each member shall have nine votes for each Ordinary Share held by it and one vote for each Participating Preference Share held or if a Participating Preference Share is held by a person other than (a) BlackRock Finco UK Ltd, or (b) any company which is not itself both (i) incorporated and resident for tax purposes outside the European Economic Area ("EEA") and (ii) all of whose holding companies are incorporated and resident for tax purposes outside the EEA (residence for tax purposes being determined in accordance with the laws of England) or (c) any company which acquires such shares on or before 31 March 2007 nine votes for each Participating Preference Shares held by it

**Dividend Rights**

Subject to the Company having profits available for distribution in accordance with the Companies Act 1985, on 30 June and 31 December each year but conditional upon the directors having resolved to pay such a dividend (without the need for declaration of a dividend by the Company in general meeting), the Company will pay to the holders of the Participating Preference Shares a fixed preferential dividend of 5 5p for each Participating Preference Share held on that date provided that a regulatory deficit would not thereby occur

In the event that on a dividend payment date the Company has insufficient distributable profits to pay any fixed dividend or to the extent that to pay such dividend would cause a regulatory deficit to occur the Company shall, conditional upon the directors having resolved to pay such a dividend, pay by way of dividend the maximum amounts it may pay from such reserves and without causing a regulatory deficit to occur to the holders of the Participating Preference Share pro rata to the number of such shares they may hold on that date

Any amount of fixed preferential dividend not paid for any reason whatsoever shall accumulate and be paid as part of the fixed dividend on the next payment date



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2007**

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**12 SHARE CAPITAL (Continued)**

**Dividend Rights (Continued)**

Subject to (a) the Board recommending the payment of dividends (b) the Company having profits available for distribution within the meaning of the Companies Act 1985, any available profits which the Company may determine to distribute in respect of any financial year after the payment of all the fixed dividends and the additional dividends shall be distributed as to 10 per cent to the holders of the Ordinary Shares and as to 90 per cent to the holders of the Participating Preference Shares, in each case pro rata according to the number of such shares held by the holders

**Return of Capital Rights, Variation of Class Rights**

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed in the following order of priority (a) to the holders of the Participating Preference Shares until any arrears of the fixed dividends and the additional dividends have been discharged in full, (b) thereafter to the holders of the Ordinary Shares and the Participating Preference Shares pro rata to the number of shares held until they have received 5p for each share held, and (c) thereafter as to 10 per cent amongst the holders of the Ordinary Shares and as 90 per cent amongst the holders of the Participating Preference Shares, in all cases pro rata according to the number of the relevant class of shares held by the holders

**Allotment of shares during the period**

During the period the Company allotted two ordinary shares with a nominal value of £0.10 and two participating preference shares with a nominal value of £0.10 in connection with the acquisitions during the period. Refer to note 7 for additional detail on the acquisitions

**13. RESERVES**

<b>Share premium account</b>	<b>£000</b>
At 30 September 2006	47,073
Premium on shares issued during the period	111,341
	<hr/>
At 31 December 2007	158,414
	<hr/>
<b>Profit and loss account</b>	<b>£000</b>
At 30 September 2006	4,527
Profit retained for the period	86,693
Dividends paid	(80,000)
	<hr/>
At 31 December 2007	11,220
	<hr/>

**BLACKROCK GROUP LIMITED (FORMERLY MERRILL LYNCH INVESTMENT MANAGERS GROUP LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2007**

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>31 December</b>	<b>29 September</b>
	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Profit for the period	<b>86,693</b>	<b>377,971</b>
Dividends	<b>(80,000)</b>	<b>(411,759)</b>
	<b>6,693</b>	<b>(33,788)</b>
Share premium on shares issued (net of expenses)	<b>111,341</b>	<b>-</b>
	<b>118,034</b>	<b>(33,788)</b>
Opening shareholders' funds	<b>170,795</b>	<b>204,583</b>
Closing shareholders' funds	<b>288,829</b>	<b>170,795</b>

**15. POST BALANCE SHEET EVENTS**

On 29 January 2008 the Company paid a preference share dividend of £128.1 million and an ordinary dividend of £1.9 million

**16. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard No 8 - Related Party Disclosures, as it is a wholly owned subsidiary and the consolidated financial statements of the ultimate parent company are publicly available as noted below

There were no related party transactions other than those with affiliated companies covered by the exemption noted above

**17. PARENT UNDERTAKINGS**

The Company's immediate parent company is BlackRock International Holdings, Inc. and the ultimate parent company is BlackRock, Inc., a company incorporated in the State of Delaware in the United States of America. The parent company of the largest and smallest group that includes the Company and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements of BlackRock Inc. are available from the Investor Relations website at [www.blackrock.com](http://www.blackrock.com) or requests may be addressed to Investor Relations at 40 East 52nd St, New York, NY 10022, USA or by e-mail at [invrel@blackrock.com](mailto:invrel@blackrock.com)