

Company No. 1118580

**MELLON GLOBAL INVESTMENTS
LIMITED**

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2006**

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MELLON GLOBAL INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2006

BUSINESS REVIEW

The business was formed in 2001 principally to market, sell and distribute the investment management capabilities of fellow Mellon investment subsidiaries globally (ex USA) and a series of Mellon fund ranges registered in UK, Ireland and Caymans to institutions, financial intermediaries and retail clients. In its role as an investment manager, the Company typically delegates the sub-advisory function to other Mellon investment subsidiaries.

The Company is head quartered in London and additionally has branch offices in major financial centres mainly in Europe and most recently opened an office in 2006 in Amsterdam.

2006 was a successful year for the business, which continued to support and attract new investors and increase the assets under management of the Mellon Group through increased net sales and distribution of Mellon Asset Management products and development and launch of new products. This together with the rising stock market led to a 96.6% increase in assets under management at 31 December 2006 to £5.7 billions (2005 £2.9 billions). The Company's revenues are driven in the main from the value of assets managed and thus is impacted by stock market performance. The increase in stock market levels and assets under management has led to an improvement in revenue and profitability.

RISK ASSESSMENT AND MANAGEMENT

The objective of the Risk Management function is to support and guide the business in managing risk in their operations using strategies designed to avoid or reduce exposure to potential financial loss or reputational damage.

Key committees are in place to oversee the risk management function and to ensure adequate risk management and controls are in place. Each committee has clearly stated terms of reference and reporting lines. The key committees include:

- 1 The risk and compliance committee
- 2 The investment committee

Finally, the Compliance team monitors adherence to key regulations by:

- 1 Providing interpretation and guidance on regulatory matters,
- 2 Carrying out regular checks and continuous monitoring on procedures and controls to ensure that they are being properly applied.

The company is an ISD firm regulated by the Financial Services Authority (FSA). A return is prepared and submitted to the FSA on a quarterly and annual basis to monitor the surplus of liquid capital in the company. At 31 December 2006, surplus liquid capital amounted to £29,763,000 (2005 £10,856,000).

RESULTS, DIVIDENDS AND NET ASSETS

The profit for the financial year after taxation amounted to £20,491,000 (2005 £4,628,000).

Interim dividends on ordinary shares paid in respect of the year ended 31 December 2006 amounted to £1,016,000 (2005 £nil). The directors do not recommend a final dividend on ordinary shares in respect of the current financial year (2005 £nil).

During the year the Company allotted 5,000,000 Ordinary shares of £1 each. On 30 March 2007, the company allotted 10,000,000 ordinary shares of £1 each at par.

Net assets at the year-end amounted to £39,679,000 (2005 £15,640,000).

MELLON GLOBAL INVESTMENTS LIMITED

DIRECTORS' REPORT - Continued

FUTURE DEVELOPMENTS

Looking ahead into 2007, the Company will continue to develop and launch new products and service to clients. Over the last year, there has been an increase in the number of institutional clients with both a base fee and a performance fee structure.

Following the announcement in December 2006, Bank of New York is due to merge with Mellon Financial Corporation effective 1st July 2007. Whilst it is not currently envisaged that there will be a direct impact on the Company as a result of this acquisition, this transaction will increase the array of Mellon Asset Management products available to the Company for distribution.

EMPLOYEES

The Company is committed to a best practice approach to consult with employees on matters that are likely to affect their interests. Information of general interest to employees is provided through the intranet, newsletters and notices and general dialogue between line managers and employees, all of which seeks to achieve a common awareness of the financial and economic factors which impact on the Company's performance. In addition the Company participates in the Mellon Employee Information & Consultation Forum. The Forum builds on existing communication channels and provides more formal opportunities for dialogue between management and employees.

The Company adopts a total rewards management and pay for performance philosophy. Any remuneration elements awarded in respect of bonus and long-term incentives are discretionary based on individual and business unit performance together with other factors as determined from time to time in the context of the Company's operating plans and results. All employees have the opportunity to purchase stock through the Mellon Employee Stock Purchase Plan and eligible employees participate in stock incentive arrangements in the ultimate parent company, Mellon Financial Corporation, which encourages closer involvement of employees in the affairs of the Company and its financial performance. Key employees receive Long Term Incentive Awards in Restricted Stock of Mellon Financial Corporation.

The group is also committed to providing relevant training and development opportunities, to include achievement of professional qualifications, to enable each employee to successfully fulfil their job responsibilities, and in addition, meet regulatory requirements. The Company adheres to the principles of Equal Employment Opportunity, and is committed to facilitating employment opportunities for people with disabilities.

DIRECTORS AND THEIR INTERESTS

The directors in office during the year and to the date of this report were as follows:

G A Brisk

J M Little

A Mearns

S J M Spence

None of the directors who held office at the end of the financial year have any disclosable interest in the shares of the Company.

MELLON GLOBAL INVESTMENTS LIMITED

DIRECTORS' REPORT - Continued

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company made no charitable or political contributions during the year (2005 £nil)

REGISTERED OFFICE

Mellon Financial Centre, 160 Queen Victoria Street, London, EC4V 4LA

DISCLOSURE OF INFORMATION TO AUDITORS

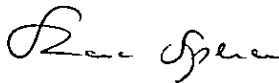
The directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

By resolutions dated 21 May 1991, the members of the Company adopted an elective regime in accordance with Sections 366A, 252 and 386 of the Companies Act 1985 dispensing with the previous statutory requirement of holding annual general meetings, laying accounts before the Company in general meetings and reappointing auditors annually

The last resolution will lead to the continuing appointment of KPMG Audit Plc as auditors of the Company until further notice

By order of the Board



Director

MELLON GLOBAL INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that disclose with reasonable accuracy at any time the financial position of the 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 company and to prevent and detect fraud and other irregularities.

MELLON GLOBAL INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MELLON GLOBAL INVESTMENTS LIMITED

We have audited the financial statements of Mellon Global Investments Limited for the year ended 31 December 2006, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

30 April 2007

MELLON GLOBAL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£'000*</u>
Revenue	2	50,595	37,616
Administrative expenses		<u>(36,159)</u>	<u>(31,199)</u>
Operating profit	3	14,436	6,417
Interest payable		(9)	(3)
Interest receivable	5	<u>1,486</u>	<u>863</u>
Profit on ordinary activities before taxation		15,913	7,277
Tax on profit on ordinary activities	6	<u>4,578</u>	<u>(2,649)</u>
Profit for the year	13,14	<u>20,491</u>	<u>4,628</u>

* Restated – See Note 1

Revenue and operating profit relates solely to continuing operations

The Company has not produced a statement of total recognised gains and losses as all gains and losses in the year are reflected in the profit and loss account

Notes 1 to 15 form part of these financial statements

MELLON GLOBAL INVESTMENTS LIMITED

BALANCE SHEET
AT 31 DECEMBER 2006

	<u>Notes</u>	<u>31 December</u> <u>2006</u>	<u>31 December</u> <u>2005</u>
		£'000	£'000*
CURRENT ASSETS			
Debtors	7	8,761	9,721
Cash at bank and in hand		49,324	31,087
		58,085	41,808
CREDITORS amounts falling due within one year	8	(18,406)	(25,168)
NET ASSETS		39,679	15,640
CAPITAL AND RESERVES			
Called up share capital	12	16,300	11,300
Additional paid in capital account	13	(1,179)	(743)
Profit and loss account	13	24,558	5,083
SHAREHOLDERS' FUNDS	14	39,679	15,640

* Restated – See Note 1

Notes 1 to 15 form part of these financial statements

The financial statements on pages 5 to 15 were approved by the board of directors on 30 April 2007 and are signed on its behalf by



Director

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and comply with applicable Accounting Standards

On 1 January 2006, the Company adopted FRS 20 "Accounting for share-based payments" The first time adoption of FRS20 was to decrease administrative expenses and increase the profit before tax for the year by £436,122 (2005 £479,830) Full disclosures on equity-settled share-based payment arrangements in the company are provided in Note 13

REVENUE

Revenue includes fees and commission receivable net of commissions payable for selling fellow subsidiary products in continental Europe

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

PENSION CONTRIBUTIONS

Employees of the Company are eligible to join a Mellon Pension Scheme The Group operates several pension schemes For defined contribution schemes, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes For final salary (defined benefit) schemes the cost of providing pensions is accounted for over the employees' working lives on a systematic basis as advised by qualified actuaries The cost of funding the scheme is borne by Mellon International Limited, a parent undertaking Full disclosures have been made in the annual report of Mellon International Limited

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006 – continued**

1. ACCOUNTING POLICIES – continued

RELATED PARTY DISCLOSURES

The Company is exempt from the requirement of FRS8 'Related Party Disclosures' to disclose transactions with entities that are part of the same group because it is a wholly owned subsidiary of the ultimate US parent company, Mellon Financial Corporation, and the consolidated financial statements are publicly available

CASH FLOW STATEMENT

The Company is exempt from the requirement of FRS1 (Revised) 'Cash Flow Statements' to prepare a cash flow statement because it is a wholly owned subsidiary of a company, which prepares consolidated financial statements, which are publicly available

2 REVENUE

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£'000</u>
Management fees	44,682	30,039
Commissions receivable	31,850	24,671
Commissions payable	(25,959)	(17,118)
Other income	22	24
Revenue	<u>50,595</u>	<u>37,616</u>

3 OPERATING PROFIT

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£'000</u>
Operating profit is stated after charging		
Auditors' remuneration - Audit	<u>-</u>	<u>3</u>

The auditors' remuneration for audit and non-audit services for the current year is borne by the parent undertaking. The fee of the Company in respect of the audit of financial statements pursuant to legislation was £84,000 (2005 £81,200) and in respect of other services pursuant to such legislation was £1,000 (2005 £800)

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – continued

4 STAFF COSTS

	<u>No</u>	<u>No</u>
Average number of employees (including directors) by activity		
Investment management services	135	120
	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005*</u> <u>£'000</u>
Wages and salaries	20,697	15,708
Social security costs	817	873
Pension costs (See note 10)	1,216	1,064
Other staff costs	1,129	825
	<u>23,859</u>	<u>18,470</u>
* Restated – See Note 1		
<u>Directors</u>	<u>£'000</u>	<u>£'000</u>
Aggregate emoluments	2,137	1,424
Amount receivable under long term incentive schemes	279	-
Company pension contributions	34	29

The emoluments above and charged to the profit and loss account relate to three directors of the Company. The emoluments of the other director for services as director of Mellon Global Investments Limited were borne by fellow group undertaking.

One director exercised share options in the ultimate parent company, Mellon Financial Corporation, during the year (2005 Nil).

Retirement benefits are accruing to one director under a money purchase pension scheme (2005 one). Retirement benefits are accruing to three directors under a defined benefit pension scheme (2005 three).

<u>Highest paid director</u>	<u>£'000</u>	<u>£'000</u>
Aggregate emoluments	1,043	713
Company pension contributions	<u>-</u>	<u>-</u>

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – continued

5 INTEREST RECEIVABLE

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£'000</u>
Interest on short term deposits	<u>1,486</u>	<u>863</u>

6 TAXATION

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£'000</u>
UK Corporation Tax	5,104	2,418
Over provision in prior years	<u>(9,392)</u>	<u>(17)</u>
	(4,288)	2,401
Foreign Tax	-	289
Current Tax	<u>(4,288)</u>	<u>2,690</u>
Deferred tax (See note 9)	(290)	(41)
	<u>(4,578)</u>	<u>2,649</u>

The current tax assessed for the year is different to the standard rate of corporation tax in the UK of 30%. The differences are explained below

Profit on ordinary activities before taxation	<u>15,913</u>	<u>7,277</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	4,774	2,183
Effects of		
Expenses not deductible for tax purposes	160	120
Temporary timing differences	170	115
Adjustments to tax in respect of previous years	<u>(9,392)</u>	<u>272</u>
Current tax	<u>(4,288)</u>	<u>2,690</u>

Factors that may affect future current and total tax charges:

On 21st March 2007 the UK Government announced that it proposed to reduce Corporation tax from 30% to 28%. It is expected that this will be substantively enacted during 2007. It is not expected that this will have a significant effect on the Company's Current and Deferred Tax assets and liabilities.

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – continued

7 DEBTORS

	<u>31 December</u> <u>2006</u> £'000	<u>31 December</u> <u>2005</u> £'000
Prepayments and accrued income	3,218	2,137
Amounts due from group companies	1,195	5,122
Trade debtors	2,887	2,136
Other debtors	1,461	326
	<u>8,761</u>	<u>9,721</u>

Included in other debtors is £512,000 (2005 £222,000) of deferred taxation asset in respect of other timing differences (See note 9)

8 CREDITORS: amounts falling due within one year

	<u>31 December</u> <u>2006</u> £'000	<u>31 December</u> <u>2005</u> £'000
Trade creditors	1,387	411
Corporation tax	2,286	10,484
Accruals	7,591	5,884
Amounts owed to group companies	7,142	8,389
	<u>18,406</u>	<u>25,168</u>

9 DEFERRED TAXATION

	<u>31 December</u> <u>2006</u> £'000	<u>31 December</u> <u>2005*</u> £'000
Tax effect of timing differences -		
Excess of depreciation over capital allowances	71	12
Long term incentive plans	415	189
Other	26	21
	<u>512</u>	<u>222</u>

* Restated – See Note 1

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006 – continued**

9 DEFERRED TAXATION – continued

The movement on the deferred tax asset is as follows -

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£'000</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£'000</u>
Balance brought forward	222	181
Transfer to profit and loss account (See note 6)	290	41
Balance carried forward	<u>512</u>	<u>222</u>

10 PENSION OBLIGATIONS

The Company contributes to a money purchase scheme in the United Kingdom. The total pension cost for the Company in respect of the year to 31 December 2006 was £1,215,993 (2005 £1,064,204) – (See note 4). At the year-end, contributions of £86,420 were payable to the scheme and are included in creditors (2005 £71,220).

The company is a member of a larger group pension scheme providing benefits based on final pensionable pay. Since the Company was unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

11 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Company has derivative financial instruments not recognised on balance sheet as follows: a forward foreign exchange contract to sell \$1,000,000 against Sterling on 31 January 2007 as a rate of 1.96250 and a forward foreign exchange contract to sell Japanese Yen 150,000,000 against sterling on 31 January 2007 as a rate of 232.30. The directors consider that the fair value is not significantly different from that at inception.

12 SHARE CAPITAL

	<u>31 December</u> <u>2006</u> <u>£'000</u>	<u>31 December</u> <u>2005</u> <u>£'000</u>
<u>Authorised</u>		
25,000,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<u>Allotted, called up and fully paid</u>		
16,300,000 Ordinary shares of £1 each	<u>16,300</u>	<u>11,300</u>

During the year the company issued 5,000,000 £1 ordinary shares for a consideration of £5,000,000 settled in cash.

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006 – continued**

13 SHARE BASED PAYMENTS

Performance-based awards are made to key employees at the discretion of the Compensation Committee of the Board of Directors of Mellon Financial Corporation, the ultimate parent undertaking. The granting of these awards is based upon the performance of key employees and on Mellon's overall performance (or particular business line performance) in achieving its objectives. At the Committee's election, awards are paid in a lump sum or may be deferred and paid over a period of up to 15 years and can be in form of cash or "restricted stock" under Mellon's Long Term Incentive Plan (2004). The vesting of these shares is primarily related to service and is expected to occur over a one-to-seven year period. In the event of a change in control of Mellon, as defined in the plan, the restrictions on sale or transfer will immediately terminate. Employees are generally prevented from selling or transferring restricted stock for a three-year period and generally the shares or units are forfeited if employment is terminated.

The following table summarises the non-vested restricted stock activity for the current and comparative period.

	2006		2005	
	Number of shares	Weighted-average fair value	Number of shares	Weighted-average fair value
Non-vested restricted stock at start of period	92,350	\$29.89	56,199	\$31.60
Granted	48,058	\$35.52	50,961	\$29.55
Exercised	(23,630)	\$35.99	(12,620)	\$29.3
Forfeited	(322)	-	(2,190)	-
Non-vested restricted stock at end of period	116,456	\$32.49	92,350	\$29.89

As of 31 December 2006, £1,179,000 (2005 £743,000) of total unrecognised compensation costs related to non-vested restricted stock is expected to be recognised over a weighted-average period of approximately 22.3 months.

The accounting treatment of awards in the form of restricted stock are governed by FRS 20, "Share based payments" which requires the Company to account for the services of the employees during the vesting period with a corresponding increase in equity.

At the date of the grant, the fair value of the restricted stock being the market value multiplied by the number of stock granted is recognised as a deduction to shareholders' funds within the Additional Paid In Capital (APIC) account. This account is amortised on a straight-line basis over the three-year vesting period with the expense recognised in the profit and loss account. Prior to the implementation of FRS20, restricted stock was fully expensed in the profit and loss account at the date of the grant. The first time implementation of FRS20 has the following impact on the financial statements:

	Profit & Loss Account	APIC Account	Total
	£'000	£'000	£'000
As previously reported at 1 January 2005	192	-	192
Prior year restatement	263	(263)	-
Restated at 1 January 2005	455	(263)	192
Movement in year-ended 31 December 2005-restated	4,628	(480)	4,148
Restated at 1 January 2006	5,083	(743)	4,340
Movement in year ended 31 December 2006	20,491	(436)	20,055
Interim dividends paid	(1,016)	-	(1,016)
At 31 December 2006	24,558	(1,179)	23,379

MELLON GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – continued

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>31 December</u>	<u>31 December</u>
	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Shareholders' funds brought forward	15,640	11,492
Profit for the financial year	20,491	4,628
Amortisation of APIC account	(436)	(480)
Interim dividends paid on ordinary shares	(1,016)	--
New share capital subscribed	5,000	--
Shareholders' funds carried forward	<u>39,679</u>	<u>15,640</u>

15 ULTIMATE CONTROLLING COMPANY

The ultimate holding company as at 31 December 2006 was Mellon Financial Corporation, a company incorporated and registered in the United States of America. Copies of the consolidated financial statements of the ultimate parent company can be obtained from

The Secretary
Mellon Financial Corporation
One Mellon Center, Room 4826
Pittsburgh
PA 15258-0001
USA

The immediate parent undertaking and controlling party is Mellon Global Investments (Holdings) Limited, a company incorporated in England and Wales. Copies of accounts for Mellon Global Investments (Holdings) Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.