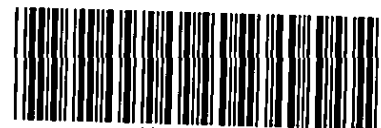

Company registration number 1437775

ANCOMASS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2006

TUESDAY



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COMPANIES HOUSE

ANCOMASS LIMITED

Director

A Thorvaldsson

Secretary

H Hay

Registered Office

One Hanover Street London W1S 1AX

Auditors

KPMG Audit Plc
Chartered Accountants
Registered Auditor

ANCOMASS LIMITED

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ANCOMASS LIMITED

DIRECTOR'S REPORT

The sole Director submits his annual report, together with the financial statements of the Company, for the year ended 31 December 2006

PRINCIPAL ACTIVITY

Ancomass Limited ("the Company") is an investment holding company, which holds the whole of the issued share capital of Singer & Friedlander Holdings Limited

IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Kaupthing Singer & Friedlander Group Plc (formerly Singer & Friedlander Group Plc) (a company registered in England and Wales). The Company's ultimate parent undertaking is Kaupthing Bank hf (a company incorporated and registered in Iceland).

The Company is a wholly owned subsidiary undertaking of Kaupthing Singer & Friedlander Group PLC, which was acquired by Kaupthing Holdings UK Limited on 11 July 2005. Kaupthing Bank hf (incorporated and registered in Iceland) is now the ultimate parent company.

DIRECTOR'S AND OFFICERS' INSURANCE

The ultimate parent company maintains an insurance policy for the Director and officer against any liabilities incurred in the conduct of their duties.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5.

No dividends were paid in respect of the year ended 31 December 2006 (2005 Nil). The Director does not recommend the payment of a final dividend.

SHARE CAPITAL

During 2006, the authorised share capital was increased by £50,000,000 to £200,000,000.

Issued share capital was increased by £65,009,699 by the issue of £130,019,398 Ordinary 'A' Shares of 50p shares.

DIRECTOR

The name of the sole Director of the Company as at the date of this report is shown at the head of this report. Mr A Thorvaldsson was appointed to the Board on 1 December 2005. Mr W R Jones served as Director until his resignation on 31 March 2006. The Company's articles of association make no provision for the retirement of directors by rotation.

Mr C C Aujard resigned and Mrs H Hay was appointed as Secretary on 28 March 2007.

DIRECTOR'S INTERESTS

The Company is a wholly-owned subsidiary undertaking of Kaupthing Singer & Friedlander Group Plc (formerly Singer & Friedlander Group Plc) until its acquisition by Kaupthing Bank hf on 11 July 2005. All share option plans of Kaupthing Singer & Friedlander Group plc were closed in 2005 and all options were exercised. The Directors held no beneficial interests in the share capital of Kaupthing Singer & Friedlander Group plc in 2006 (2005 as at 31 December 2005 – Nil).

The Director held no beneficial interest in the capital of the Company.

Interests held in Kaupthing Bank hf are not required to be dealt with in this Company's report. However, aggregate shareholdings held in Kaupthing Bank hf are declared in the notes to the accounts of Kaupthing Singer & Friedlander Limited.

ANCOMASS LIMITED

DIRECTOR'S REPORT

EMPLOYEES

There were no persons employed by the Company (including directors) during the year

STATEMENT OF DISCLOSURE TO THE AUDITORS

In accordance with section 234ZA of the Companies Act 1985, the Directors hereby confirm that

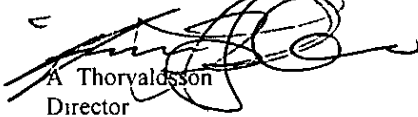
- So far as they are aware, there is no relevant audit information of which the Auditors are unaware, and
- Each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Auditors are aware of that information

AUDITORS

Elective regime

In accordance with the Companies Act 1985, as amended, the Company has elected to dispense with the laying of accounts before a general meeting, the holding of annual general meetings and the obligation to appoint auditors annually

BY ORDER OF THE BOARD



A. Thorvaldsson
Director

Registered Office
One Hanover Street,
LONDON, W1S 1AX

24/4/2007

ANCOMASS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTOR'S 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 the directors 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

ANCOMASS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of Ancomass Limited for the year ended 31 December 2006 which comprise of the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity 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 3.

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

26 April 2007

8 Salisbury Square
London
EC4Y 8BB

ANCOMASS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Note</u>	<u>2006</u> £	<u>2005</u> £
<i>Continuing Operations</i>			
Interest receivable and similar income		12,975	12,555
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	12,975	12,555
Taxation	3	(3 892)	(3,767)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		9,083	8,788
		<hr/>	<hr/>

There are no recognised gains or losses other than those included in the profit and loss account

The notes on pages 8 to 11 form part of these financial statements

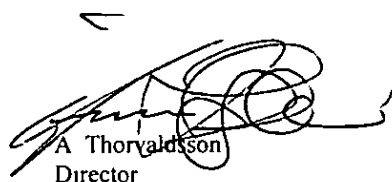
ANCOMASS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

BALANCE SHEET AS AT 31 DECEMBER 2006

	<u>Note</u>	<u>2006</u> £	<u>2005</u> £
<u>ASSETS</u>			
NON- CURRENT ASSET			
Investment in subsidiary undertakings	6	201,630,089	123,630,089
		<u>201,630,089</u>	<u>123,630,089</u>
CURRENT ASSET			
Amount due from Kaupthing Singer & Friedlander Limited		375,805	377,104
		<u>375,805</u>	<u>377,104</u>
TOTAL ASSETS		<u>202,005,894</u>	<u>124,007,193</u>
<u>EQUITY & LIABILITIES</u>			
NON-CURRENT LIABILITY			
Unsecured loan stock	8	6,700 000	6,700,000
		<u>6,700,000</u>	<u>6,700,000</u>
CURRENT LIABILITY			
Taxation		3,892	14 274
		<u>3,892</u>	<u>14,274</u>
CAPITAL & RESERVES			
Share capital	9	141,009,699	76,000,000
Share premium		37,014,249	24 023,948
Capital reserves		17,148 600	17,148,600
Retained earnings		129,454	120 371
		<u>195,302,002</u>	<u>117,292,919</u>
TOTAL EQUITY & LIABILITIES		<u>202,005,894</u>	<u>124,007,193</u>

The financial statements were approved by the Board of Directors on 24/4/2007 and signed on its behalf by


A Thorvaldsson
Director

ANCOMASS LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2006

	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESERVES	RETAINED EARNINGS	TOTAL
	£	£	£	£	£
Balance as at 1 January 2005	56,000,000	24,023,948	17,148,600	111,583	97,284,131
Issue of Shares	20,000,000				20,000,000
Profit for the year				8,788	8,788
Balance as at 31 December 2005	76,000,000	24,023,948	17,148,600	120,371	117,292,919
Issue of Shares	65,009,699	12,990,301			78,000,000
Profit for the year				9,083	9,083
Balance as at 31 December 2006	141,009,699	37,014,249	17,148,600	129,454	195,302,002

The notes on pages 8 to 11 form part of these financial statements

ANCOMASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with the items which are considered to be material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention adjusted by the revaluation of the investment in subsidiary undertakings in prior years, and are in accordance with applicable accounting standards

Income

Interest income and expense is recognised in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

Cash flow

The Company is a wholly owned subsidiary of a parent undertaking which prepares consolidated financial statements including a consolidated cash flow statement. It is therefore exempt under Financial Reporting Standard 1 from preparing its own cash flow statement.

Group Financial Statements

The Company is exempt by virtue of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Investment in Subsidiary Undertakings

The Company's investments in its subsidiaries are stated at the Director's valuation.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following -

	<u>2006</u>	<u>2005</u>
	£	£
Interest income	12 975	12 555
	=====	=====

The Auditor's remuneration for audit work is borne by the Company's immediate parent company. The fee was £2 727 in 2006 (2005 £2 000).

3. TAXATION

	<u>2006</u>	<u>2005</u>
	£	£
Corporation tax at 30% (2005 30%)	3 892	3,767
	=====	=====

The effective tax rate charged to the Company's profits is 30% as per the statutory UK rate excluding dividends from UK subsidiaries.

ANCOMASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. DIRECTORS' LOANS AND OTHER INTERESTS

The sole Director had during the year, directly or indirectly, no material beneficial interest in any contract to which the Company, or any of its subsidiary undertakings, was party, and which is or was significant in relation to the business of the Company or any of its subsidiary undertakings

There were no amounts outstanding at 31st December 2006 to be disclosed under the provisions of the Companies Act 1985 in respect of loans made to the Company's directors and/or persons (including bodies corporate) connected with them by the Company's banking subsidiary

5. DIRECTORS' EMOLUMENTS

The sole Director received no emoluments during the year in respect of his services to the Company (2005 Nil)

6. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

In the opinion of the sole Director the aggregate value of these investments is not less than the value at which they are stated in the balance sheet

	<u>2006</u> £	<u>2005</u> £
Valuation at 1st January	123,630,089	103 630,089
Investment in subsidiary	78 000 000	20 000,000
	=====	=====
Valuation at 31 December	201 630,089	123 630,089
	=====	=====

During 2006 the Company invested a further £78,000,000 in Singer & Friedlander Holdings Limited (2005 £20,000 000) In the opinion of the sole Director, the value of these investments is not less than the amount at which they are shown in the balance sheet

	<u>2006</u> £	<u>2005</u> £
The historical cost of the shares in group undertakings is	170 795,455	92 795,455
	=====	=====

ANCOMASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. GROUP UNDERTAKINGS

At 31 December 2006 the Company owned all the issued share capital of Singer & Friedlander Holdings Limited which itself owned all the issued share capital of Kaupthing Singer & Friedlander Limited (formerly Singer & Friedlander Limited) Both companies are registered in England The principal subsidiary undertakings of Ancomass Limited, which are owned directly (marked *) or through other subsidiaries are

	Country of incorporation/ registration	Proportion of Share capital owned and effective Interest of the Company %
Singer & Friedlander Holdings Limited*	ENGLAND	100
Kaupthing Singer & Friedlander Limited	ENGLAND	100
Kaupthing Singer & Friedlander (Isle of Man) Holdings Limited	ISLE OF MAN	100
Singer & Friedlander (Isle of Man) Limited	ISLE OF MAN	100
Singer & Friedlander Trust Company (Isle of Man) Limited	ISLE OF MAN	100
Appledale Limited	ISLE OF MAN	100
Singer & Friedlander Leasing Limited	ENGLAND	100
Kaupthing Singer & Friedlander Premium Finance Limited	ENGLAND	100
Singer & Friedlander Finance Limited	ENGLAND	100
Singer & Friedlander Commercial Finance Limited	SCOTLAND	100
Sinjul Investments Limited	ENGLAND	100
Melbreck Securities Limited	ENGLAND	100
Singer & Friedlander Investment Properties Limited	ENGLAND	100
Peaston Emerson s Green Limited	ENGLAND	100

8 UNSECURED LOAN STOCK

On 22nd September 1987 the Company issued £6,700,000 Interest-free Irredeemable Unsecured Loan Stock at a premium of £2,000,000 to the holding company

9. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£	£	£	£
'A' ordinary shares of 50p	199,987,400	149,987,400	140,998,245	75,988,546
B' ordinary shares of 50p	3,700	3,700	3 700	3 700
'C' ordinary shares of 50p	1,000	1,000	-	-
D ordinary shares of 50p	200	200	54	54
Deferred shares of 50p	7,700	7,700	7,700	7,700
	<u>200,000,000</u>	<u>150,000,000</u>	<u>141,009,699</u>	<u>76 000,000</u>
	=====	=====	=====	=====

ANCOMASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. RELATED PARTY DISCLOSURES

Financial Reporting Standard No 8 Related Party Disclosures grants a partial exemption to subsidiary undertakings from its requirements, provided that 90% or more of the voting rights of the Company are controlled within the group, and the subsidiary is included in publicly available consolidated financial statements

The Director of the Company has taken advantage of this exemption in respect of transactions between the Company and other qualifying group undertakings

11. PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Kaupthing Singer & Friedlander Group Plc (a company incorporated in England and Wales). The Company's results are included in the consolidated financial statements of the Company's ultimate parent undertaking Kaupthing Bank hf (a company incorporated and registered in Iceland). Copies of the group financial statements of Kaupthing Bank hf can be obtained from this Company's registered office at One Hanover Street, London W1S 1AX.