

Company Registration no. 2106892

BNP PARIBAS U.K. HOLDINGS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

31 December 2005



BNP PARIBAS U.K. HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2005

COMPANY INFORMATION

Directors

G Chodron de Courcel (Chairman)
P Blavier
P J Bordenave
P A Boris
H Gouëzel
V Levy-Garboua
A Papiasse
A Powell
H J M Reynaud
K J Sowerbutts
J Tenaïlle d'Estais

Secretary

K M Oatway

Registered Office

10 Harewood Avenue
London
United Kingdom
NW1 6AA

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

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BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2005

The Directors present their annual report, which forms part of the financial statements of the Company for the year ended 31 December 2005.

Principal activity and review of the business

The principal activity of the Company is to be a holding company for a number of BNP Paribas group subsidiaries and other investments.

The Company is incorporated in and its principal place of business is the United Kingdom.

Future Developments

It is the Directors' belief that no significant developments are likely and that the Company's activities will continue to be that of a holding company.

Financial risk management

The Company's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures.

The foreign exchange risk is managed by the central treasury department (Group Treasury) under policies approved by the Board of Directors for entities within the group.

(b) Price risk

The Company is not exposed to securities or commodity price risk.

(c) Credit risk

The Company is exposed to credit risk because of loans and receivable to a third party. The credit risk is managed by a collateral in place with the third party.

(d) Liquidity risk

Other group companies will provide liquidity to the Company as and when cash is required.

(e) Cash flow and fair value interest rate risk

The Company is exposed to cash flow interest rate risk from its floating rate cash balances. The Company is not significantly exposed to fair value interest rate risk. It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging.

Results and dividends

The results of the Company are set out in the income statement on page 6.

On 13 May 2005, the Company proposed and paid an interim dividend of 12.05 pence per share, amounting to a total of £149,700,000 (2004: £nil).

Charitable and political donations

There were no charitable or political contributions made in the year (2004: £nil).

BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2005

Directors and their interests

The Directors holding office since 1 January 2005 were:

| | |
|---------------------------------|--|
| G Chodron de Courcel (Chairman) | Appointed as Director and Chairman 22 April 2005 |
| P Blavier | |
| P J Bordenave | Appointed 22 April 2005 |
| P A Boris | |
| H Gouëzel | Appointed 22 April 2005 |
| V Levy-Garboua | |
| A Papiasse | Appointed 22 April 2005 |
| A Powell | Appointed 18 July 2005 |
| H J M Reynaud | Appointed 18 July 2005 |
| K J Sowerbutts | Appointed 18 July 2005 |
| J Tenaïlle d'Estais | Appointed 10 July 2006 |
| D A E R Peake | Resigned as Director and Chairman 22 April 2005 |
| Hon. G E Adeane | Resigned 22 April 2005 |
| M François-Poncet | Deceased 10 February 2005 |
| P J Grant | Resigned 22 April 2005 |
| Baroness O'Cathain OBE | Resigned 22 April 2005 |
| M J D Pébereau | Resigned 22 April 2005 |
| J H Wahl | Resigned 22 April 2005 |

No Director had any beneficial interest, as defined by the Companies Act 1985, in the Company's shares at any time during the year.

Secretary

The Company Secretaries holding office during the year were:

| | |
|-------------|-----------------------|
| M D Toubkin | Resigned 13 May 2005 |
| K M Oatway | Appointed 13 May 2005 |

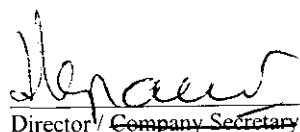
The registered office of the Company was 10 Harewood Avenue, London, United Kingdom, NW1 6AA

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on their behalf.

By Order of the Board



Director/ Company Secretary

H REYNAUD

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2005

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit and loss for that year.

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 that the financial statements comply with International Financial Reporting Standards; 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 confirm that they have complied with the above requirements in preparing the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNP PARIBAS U.K. HOLDINGS LIMITED

We have audited the financial statements of BNP Paribas U.K. Holdings Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS's) as adopted by the European Union 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 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 IFRS's as adopted by the European Union, of the state of the Company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

15 August 2006

BNP PARIBAS U.K. HOLDINGS LIMITED**INCOME STATEMENT****For the year ended 31 December 2005**

| | Notes | 2005 £000 | 2004 £000 |
|---|-------|----------------|---------------|
| Income from investments in subsidiaries | 2 | 152,608 | 177 |
| Profit on disposal of subsidiaries | | 76 | 9,345 |
| Impairment charge | 9 | (29,068) | - |
| Write back of impairment | 9 | - | 574 |
| Administrative expenses | | (35) | (90) |
| Operating profit | | 123,581 | 10,006 |
| Interest receivable | 3 | 15,996 | 5,068 |
| Interest payable | 4 | (1,244) | - |
| Profit before taxation | 6 | 138,333 | 15,074 |
| Taxation | 7 | (4,167) | 383 |
| Profit for the year | | 134,166 | 15,457 |

The results for the year are wholly derived from continuing operations.

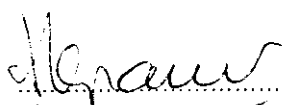
BNP PARIBAS U.K. HOLDINGS LIMITED


BALANCE SHEET

As at 31 December 2005

| | Notes | 2005 £000 | 2004 £000 |
|--------------------------------|-------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 9 | 922,712 | 952,116 |
| Current assets | | | |
| Loans and receivables | 10 | 342,680 | 39,000 |
| Other receivables | 11 | 171 | 2,251 |
| Cash and cash equivalents | 12 | 26,993 | 311,275 |
| | | 369,844 | 352,526 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 13 | (29,916) | (27,708) |
| Net current assets | | 339,928 | 324,818 |
| Non-current liabilities | | | |
| Borrowings | 14 | (13,636) | n/a |
| NET ASSETS | | 1,249,004 | 1,276,934 |
| SHAREHOLDERS' EQUITY | | | |
| Ordinary shares | 15 | 1,227,000 | 1,242,000 |
| Share premium | | 220 | 220 |
| Other reserve | | 3,731 | - |
| Retained earnings | | 18,053 | 34,714 |
| TOTAL EQUITY | | 1,249,004 | 1,276,934 |

The financial statements on pages 6 to 24 were approved by the Board of Directors on **1 AUGUST** 2006 and were signed on its behalf by:


 Director
H REYNAUD


 Director
A POWELL

BNP PARIBAS U.K. HOLDINGS LIMITED**CASH FLOW STATEMENT****For the year ended 31 December 2005**

| | Notes | 2005 £000 | 2004 £000 |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash used by operations | 17 | (406) | (1,782) |
| Dividend received from subsidiaries | | 152,608 | 177 |
| Interest received | | 15,466 | 4,747 |
| Interest paid | | (4) | - |
| Taxation refunded | | 342 | 263 |
| Net cash from operating activities | | 168,006 | 3,405 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiary | | - | (830,375) |
| Disposal of subsidiaries | | 412 | 279,953 |
| Loan granted to third party | | (342,000) | - |
| Loan repaid by subsidiary | | 39,000 | - |
| Net cash used in from investing activities | | (302,588) | (550,422) |
| Cash flows from financing activities | | | |
| Proceeds from issuance of ordinary shares | | - | 830,000 |
| Interim dividends paid | | (149,700) | - |
| Net cash (used in)/generated from financing activities | | (149,700) | 830,000 |
| Net (decrease)/increase in cash and cash equivalents | | (284,282) | 282,983 |
| Cash and cash equivalents at 1 January | | 311,275 | 28,292 |
| Cash and cash equivalents at 31 December | | 26,993 | 311,275 |

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2005

| | Ordinary shares £000 | Share premium £000 | Other reserve £000 | Retained earnings £000 | Total equity £000 |
|--|----------------------------|--------------------------|--------------------------|------------------------------|----------------------|
| Balance at 1 January 2004 under UK GAAP | 1,242,000 | 220 | - | 19,257 | 1,261,477 |
| Profit for the year | - | - | - | 15,457 | 15,457 |
| Balance at 31 December 2004 under UK GAAP | 1,242,000 | 220 | - | 34,714 | 1,276,934 |
| Prior year adjustment: Reclassification of Redeemable 'A' shares to Borrowings under IAS32 (note 19) | (15,000) | - | 3,731 | (1,127) | (11,269) |
| Adjusted Balance at 1 January 2005 under IFRS | 1,227,000 | 220 | 3,731 | 33,587 | 1,264,538 |
| Profit for the year | - | - | - | 134,166 | 134,166 |
| Interim dividends (note 8) | - | - | - | (149,700) | (149,700) |
| Balance at 31 December 2005 under IFRS | 1,227,000 | 220 | 3,731 | 18,053 | 1,249,004 |

The 'Other reserves' of £3,730,277 arises from the difference between the nominal value and fair value at inception of Redeemable 'A' shares, as a result of the adoption of IAS 32 and 39 (note 19).

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. Accounting Policies

The principal activity of the Company is to be a holding company for a number of BNP Paribas group subsidiaries and other investments. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with European Union ("EU") adopted International Financial Reporting Standards ('IFRS') and IFRIC interpretations. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

These separate financial statements contain information about BNP Paribas U.K. Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IAS 27, 'Consolidated and separate financial statements', from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, BNP Paribas SA.

Once approved, the Financial Statements cannot be amended without re-presenting them for approval by the Board.

b) Accounting Convention

(i) First time adoption of IFRS

The Company has adopted EU adopted IFRS in these financial statements with respect to current year and comparative information.

The Company has decided to adopt the transitional provisions for International Accounting Standard 32 ("IAS 32") 'Financial Instruments, Disclosure and Presentation' and International Accounting Standard 39 ("IAS 39") 'Financial Instruments – Recognition and Measurement' and so therefore has not applied these standards to the 2004 comparatives. The impact of these standards is reflected as changes in accounting policies and through further adjustments to shareholders' equity as at 1 January 2005 and is also set out in note 19. In the 2004 comparatives, financial instruments are included using the measurement basis and the disclosure requirements of UK GAAP.

(ii) Trade date accounting

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

c) Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity.

d) Revenue recognition

(i) Dividend income

Dividend income arises from investment in subsidiaries either directly held or lent to a fellow subsidiary. It is recognised in the income statement when the Company's right to receive payment is established

(ii) Interest income and expense

Interest income arises from cash and cash equivalents and from interest earning loans and receivables. Interest expense arises from financing activities. Interest income and expense are recognised in the Income statement using the effective interest method.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

f) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any impairment. Equity investments are accounted for at cost less any impairment.

g) Impairment of investments in subsidiaries

At each balance sheet date, or more frequently where events or changes in circumstances dictate, investments in subsidiaries are assessed for indications of impairment. If indications are present these investments are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: higher of fair value less cost to sell or value in use.

The carrying values of the investments in subsidiaries are written down by the amount of any impairment and this loss is recognised in the income statement in the year in which it occurs.

h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

i) Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Derivative financial instruments

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also included in this category unless they are designated as hedges. Assets or liabilities in this category are classified as current assets or current liabilities respectively, if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

i) Financial instruments (continued)

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising, from changes in the fair value of the 'derivative financial instruments' category, including interest and dividend income, are presented in the income statement within 'net gains and losses on derivative financial instruments', in the year in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

j) Share capital, capital contribution and debt instruments

Ordinary shares and capital contributions that evidence a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Shares redeemable at the option of the holder or issuer, on a specific date, such as the Redeemable 'A' shares, are classified as liabilities.

k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Shares redeemable at the option of the holder or issuer, on a specific date, such as the Redeemable 'A' shares, are classified as liabilities. The dividends on these shares are recognised in the income statement as interest expense.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

l) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2005**l) Deferred tax (continued)**

Deferred tax assets are recognised to the extent that it is probable that foreseeable future taxable profit will be available against which the temporary differences can be utilised.

m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

2. Income from investments in subsidiaries

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Dividend income from equity investments in subsidiaries (Note 9) | 152,608 | 177 |
| | 152,608 | 177 |

3. Interest receivable

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Interest income on cash and cash equivalents (Note 18) | 13,093 | 3,820 |
| Interest on loan and receivable | 2,903 | 1,248 |
| | 15,996 | 5,068 |

4. Interest payable

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Interest payable on bank overdraft from ultimate parent undertaking (note 18) | 4 | - |
| Interest payable on Redeemable 'A' shares (Note 18) | 1,240 | - |
| | 1,244 | - |

5. Directors' emoluments

| | 2005 £000 | 2004 £000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | 45 | 83 |

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

5. Directors' emoluments (continued)

The Directors' emoluments as stated above are paid by the Company. The highest paid Director received emoluments of £21,000 (2004: £43,000) and contributions to pension schemes of £Nil (2004: £Nil).

The Directors also provide services to the ultimate parent undertaking and a number of fellow subsidiary undertakings which are paid by the ultimate parent undertaking. It is not practical to apportion these emoluments received and therefore they are not disclosed in respect of any Directors in these financial statements.

6. Profit before taxation

a) Services provided by the Company's auditor

Services provided by the Company's auditors consisted of the statutory audit, costs of which were borne by BNP Paribas SA, the ultimate parent undertaking.

b) Number of employees

The Company had no employees during the year to 31 December 2005 (2004: nil). All staff are employed by BNP Paribas S.A, the ultimate parent undertaking. Their staff and other administrative expenses are borne by BNP Paribas S.A, the ultimate parent undertaking, and are recharged to the company on a fully allocated basis.

7. Taxation

| | 2005 £000 | 2004 £000 |
|---------------------------------------|--------------|--------------|
| Current tax – continuing operations | 4,255 | (383) |
| Adjustments in respect of prior years | (88) | - |
| Taxation charge / (credit) | 4,167 | (383) |

The tax assessed for the year is lower (2004: lower) than the standard rate of corporation tax in the UK of 30% (2004: 30%) as detailed below:

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before taxation | 138,333 | 15,074 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% | 41,500 | 4,522 |
| Effects of: | | |
| Effective non-taxable income on disposal of medium term notes | - | (2,196) |
| Profit on disposal of UK subsidiary | (23) | - |
| Non deductible effective interest | 372 | - |
| Non taxable dividend income | (538) | - |
| Consideration for utilisation of capital losses | - | (1,930) |
| Revaluation of capital interest in limited partnership | - | (607) |
| Dividends from UK investments | (45,776) | - |
| Impairment charge/(write back) on investments | 8,720 | (172) |
| Adjustment in respect of prior year | (88) | - |
| Tax charge / (credit) for the year | 4,167 | (383) |

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

8. Dividends

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Interim paid: 12.05 pence (2004: nil) per share | 149,700 | - |

On 13 May 2005, the company proposed and paid an interim dividend of 12.05 pence per share, amounting to a total of £149,700,000.

9. Investments in subsidiaries

| | 2005 £'000 | 2004 £'000 |
|------------------------------------|---------------|---------------|
| Shares in subsidiary undertakings: | | |
| Cost at 1 January | 952,116 | 391,775 |
| Additions | - | 830,375 |
| Disposals | (336) | (270,608) |
| Cost at 31 December | 951,780 | 951,542 |

The recoverable amount can be analysed as follows:

| | | |
|-------------------------------------|----------|---------|
| Investments in subsidiaries at cost | 951,780 | 951,542 |
| Impairment | (29,068) | - |
| Write back impairment | - | 574 |
| Recoverable amount | 922,712 | 952,116 |

Disposals in the year comprise of 2 Ordinary Share of £2.00 nominal value at £1.00 per share of FPSUK (Nominees) limited, Opera Nominees Limited, and Victorie Nominees Limited. All shares were disposed at nominal value.

Furthermore Camai International B.V. and Beverley Bluewood Finance N.V were liquidated in the year. The proceeds received from the two subsidiaries amounted to £411,375 and £2 respectively. BNP Confirming Limited was dissolved in the year.

The impairment review for equity investments comprises a comparison of the carrying amount of the asset with its recoverable amount: higher of fair value less cost to sell or value in use. The impairment in the year relates to write down in the carrying amount of BNP Paribas Finance Plc £29,000,002 (2004: £nil) and Extraright Limited £1,998 (2004: £nil) and Banexi (U.K.) Limited £64,221 (2004:£nil).

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

9. Investments in subsidiaries (continued)

Subsidiary undertakings of the Company

In the opinion of the Directors, the value of the Company's investments in subsidiary undertakings is not less than the amounts at which they are stated in the financial statements.

The subsidiary undertakings of the Company at 31 December 2005 were:

| | Principal activity | Type of share | Percentage holding |
|-----------------------------------|----------------------------|---------------|--------------------|
| Abyard Nominees Limited | Dormant | Ordinary | 100.00% |
| Banexi (U.K.) Limited | Dormant | Ordinary | 52.50% |
| BNP Asset Management U.K. Limited | Dormant | Ordinary | 100.00% |
| BNP Capital Markets Limited | Dormant | Ordinary | 100.00% |
| BNP Leasing Limited | Holding company | Ordinary | 100.00% |
| BNP Paribas Finance Plc. | Banking | Ordinary | 100.00% |
| BNP Paribas UK Treasury Limited | Banking | Ordinary | 100.00% |
| Boug B.V. | Investment company | Ordinary | 83.00% |
| Comptonia Nominees Limited | Dormant | Ordinary | 100.00% |
| Extraright Limited | Investment company | Ordinary | 100.00% |
| FPSUK (Nominees) Limited | Dormant | Ordinary | 100.00% |
| Landspire Limited | Investment holding company | Ordinary | 100.00% |
| Stichting Charity N.V. | Dormant | Ordinary | 100.00% |

All subsidiary undertakings, with the exception of Boug B.V, are incorporated in England and Wales and operate in United Kingdom. Boug B.V is incorporated in Netherlands, and its operating activity is in the United Kingdom.

10. Loans and receivables

| | 2005 £000 | 2004 £000 |
|----------------------|--------------|--------------|
| Loans to third party | 342,680 | - |
| Loans to subsidiary | - | 39,000 |
| | 342,680 | 39,000 |

Loans and receivables to third party are collateralised and have an average effective interest rate of 3 Month GBP LIBOR. 91% of the loan and receivable is collateralised against financial assets. The maturity date of the Loan and receivable is 14 November 2007 and each party have an unfettered right to break at 3 months points, on giving 2 days prior notice to the other party. The loan and receivable was subsequently repaid on 15 February 2006.

The fair value of loans and receivables to third party was not materially different to the carrying value.

Loans and receivables to subsidiary has an interest rate of LIBOR linked floating rate subordinated loan. The fair value of loans and receivables to subsidiary was not materially different to the carrying value.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

11. Other receivables

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Accrued interest receivable on cash and cash equivalents (note 18) | 171 | 321 |
| Amount receivable for surrender of capital losses (note 18) | - | 1,930 |
| | 171 | 2,251 |

Other receivables are repayable on demand and the effective interest rate of the assets is zero percent.

12. Cash and cash equivalents

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Amounts due from ultimate parent undertaking (note 18) | 26,993 | 311,275 |

Cash and cash equivalents represent amounts due from ultimate parent undertaking at a floating interest rate of GBP LIBOR, less 10 basis points. The effective interest rate on cash and cash equivalents is 4.64%. The balance has no maturity date and is repayable on demand.

13. Other payables

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Amounts due to ultimate parent undertakings (note 18) | 25,771 | 26,110 |
| Group tax relief creditors (note 18) | 4,126 | 1,547 |
| Other creditors | 19 | 51 |
| | 29,916 | 27,708 |

Other payables comprising amounts due to ultimate parent undertaking, group relief tax creditors and other creditors, are repayable on demand and the effective interest rate of the liabilities is zero percent.

14. Borrowings

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Authorised | | |
| 15,000,000 Redeemable 'A' shares of £1 each: — redeemable at par on 2 January 2007 | 15,000 | - |
| | 15,000 | - |
| Borrowings | | |
| 15,000,000 Redeemable 'A' shares of £1 each: — redeemable at par on 2 January 2007 | 13,636 | - |
| | 13,636 | - |

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

14. Borrowings (continued)

The Redeemable 'A' shares, are disclosed under 'Borrowings' as a non-current liability due to the conditions of redemption (Note 15)

The Company issued 15,000,000 Redeemable 'A' Class shares of £1 each. These were subscribed at their nominal value.

Redemption can be by either the shareholders or the Company on 2 January 2007. The amount payable on redemption would include the amount paid up thereon. The classification of the redeemable shares as a non-current liability reflects the possibility that either party may effect the redemption on 2 January 2007. The redemption date can be extended by passing a special resolution before 1 January 2007.

The effective interest rate of the liability is 10%. Redeemable 'A' shares have no right to dividend other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

The fair value of borrowings was not materially different to the carrying value.

15. Share capital

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Authorised | | |
| 1,232,000,000 ordinary shares of £1 each | 1,232,000 | 1,232,000 |
| 15,000,000 Redeemable 'A' shares of £1 each: — redeemable at par on 2 January 2007 | - | 15,000 |
| | 1,232,000 | 1,247,000 |
| Issued and fully paid | | |
| 1,227,000,000 ordinary shares of £1 each | 1,227,000 | 1,227,000 |
| 15,000,000 Redeemable 'A' shares of £1 each: — redeemable at par on 2 January 2007 | - | 15,000 |
| | 1,227,000 | 1,242,000 |

The Company has in issue ordinary shares, which are non-redeemable, carries one vote per share and has no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

The Redeemable 'A' shares, are disclosed under 'Borrowings' as a non-current liability due to the conditions of redemption (Note 14)

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2005**

16. Financial Instruments

a) Financial risk management

Financial risk factors

The Company's activities potentially expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures.

The foreign exchange risk is managed by the central treasury department (Group Treasury) under policies approved by the Board of Directors for entities within the group.

(b) Price risk

The Company is not exposed to securities or commodity price risk.

(c) Credit risk

The Company is exposed to credit risk because of loans and receivable to third party. The credit risk is managed by a collateral in place with the third party.

(d) Liquidity risk

Other group companies will provide liquidity to the Company as and when cash is required.

(e) Cash flow and fair value interest rate risk

The Company is exposed to cash flow interest rate risk from its floating rate cash balances. The Company is not significantly exposed to fair value interest rate risk. It is the Directors' opinion that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging.

a) Fair value estimation

The fair values of loans and receivables and borrowings are calculated using a discounted cash flow technique.

b) Accounting for derivative financial instruments and hedging activities

The Company does not hold any derivative instruments nor undertake hedging activities.

c) Fair values of financial assets and financial liabilities and interest rate gap table

In accordance with IAS 32, the table below discloses the interest rate risk and exposure of assets and liabilities by reference to the next contractual re-pricing or, if earlier, maturity dates.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

16. Financial Instruments (continued)

| Book value and Fair value | Not more than three months £'000 | More than three months but not more than six months £'000 | More than six months but not more than one year £'000 | More than one year but not more than five years £'000 | More than Five years £'000 | Non- interest bearing £'000 | Total £'000 |
|--|--|---|---|---|----------------------------------|--------------------------------------|----------------|
| Financial assets | | | | | | | |
| Loans and receivables (Note 10) | 342,680 | - | - | - | - | - | 342,680 |
| Other receivables (Note 11) | - | - | - | - | - | 171 | 171 |
| Cash and cash equivalents (Note 12) | 26,993 | - | - | - | - | - | 26,993 |
| | 369,673 | - | - | - | - | 171 | 369,844 |
| Financial liabilities | | | | | | | |
| Other payables (Note 13) | - | - | - | - | - | (29,916) | (29,916) |
| Borrowings (Note 14) | | | | (13,636) | | | (13,636) |
| | - | - | - | (13,636) | - | (29,916) | (43,552) |
| Interest rate re-pricing gap | 369,673 | - | - | (13,636) | - | | |
| Cumulative gap | 369,673 | 369,673 | 369,673 | 356,037 | 356,037 | | |

The above asset fair values represent the maximum credit risk at the balance sheet date.

d) Maturity of financial liabilities

The financial liabilities of the Company including amounts payable to ultimate parent undertaking, group tax relief creditors and other creditors have the maturity of one year or less, or on demand.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2005**17. Cash flow from operating activities**

Reconciliation of profit for the year to net cash inflow from operating activities:

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Profit for the year | 134,166 | 15,457 |
| Adjustments for: | | |
| — income from investments in subsidiaries | (152,608) | (177) |
| — taxation | 4,167 | (383) |
| — interest receivable | (15,996) | (5,068) |
| — interest payable | 1,244 | - |
| — impairment charge | 29,068 | - |
| — write back of impairment | - | (574) |
| — profit on disposal of subsidiaries | (76) | (9,345) |
| Changes in working capital: | | |
| — increase / (decrease) in other receivables | - | (1,930) |
| — (decrease) / increase in other payables | (371) | 238 |
| Cash generated from / (used by) operations | (406) | (1,782) |

18. Related party transactions

The following transactions were carried out with related parties:

(i) Interest receivable

Interest receivable from ultimate parent undertaking amounted to £13,093,448 (2004: £3,819,556) in respect of cash and cash equivalents bearing interest at a rate of GBP LIBOR, less 10 basis points, an effective interest rate of 4.64%.

Interest receivable from ultimate parent undertaking amounted to £1,065,732 (2004: £1,248,388) in respect of loan and receivable at an interest rate of LIBOR linked floating rate subordinated loan.

(ii) Interest payable

Interest payable to ultimate parent undertaking amounted to £3,995 (2004: £nil) in respect of overdrafts bearing interest at a rate of GBP LIBOR, at an average rate of 2.6%.

Interest payable to ultimate parent undertaking amounted to £1,239,669 (£nil) in respect of borrowings, reclassified from Redeemable 'A' shares under IAS32. The effective interest rate of borrowing is at 10%.

(iii) Income from investments in subsidiaries

Income from investments in subsidiaries amounted to £152,607,913 (2004: £176,927) in respect to dividend income from investments in subsidiaries.

(iv) Disposal of subsidiary

The company's subsidiary, Camai International Bv, was liquidated during the year and a final cash distribution of £411,375 received.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2005**18. Related party transactions (continued)**

In respect of related party transactions, the outstanding balances receivable / (payable) as at 31 December 2005 were as follows:

| Nature of transaction | Related party | 2005 £ | 2004 £ |
|---|-----------------------------|--------------|-------------|
| Loan to subsidiary | Fellow subsidiary | - | 39,000,000 |
| Accrued interest receivable | Ultimate parent undertaking | 170,420 | 321,117 |
| Amount receivable for surrender of capital losses | Ultimate parent undertaking | - | 1,929,723 |
| Cash and cash equivalents | Ultimate parent undertaking | 26,993,177 | 311,274,824 |
| Amount due to ultimate parent undertaking | Ultimate parent undertaking | 25,770,711 | 26,110,558 |
| Group tax relief creditor | Fellow subsidiary | (4,126,000) | (1,546,815) |
| Borrowings | Ultimate parent undertaking | (13,636,364) | - |

Costs including Directors' fees and emoluments of £45,479 (note 5), other key management compensation, audit fees, and services provided by support functions of the ultimate parent undertaking, (e.g. finance, legal and secretarial services) which are incidental to the Company's operations, were borne by the ultimate parent undertaking and no re-charge was made to the Company.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

19. Reconciliation of net assets and profit under UK GAAP to IFRS

The Company reported under UK GAAP in its previously published financial statements for the year ended 31 December 2004. The analysis below shows a reconciliation of net assets and profit as reported under UK GAAP as at 31 December 2004 to the revised net assets and profit under IFRS as reported in these financial statements.

As IAS 32 and 39 have not been applied to the comparative balance sheet, there is no difference between net assets under UK GAAP and IFRS as at 31 December 2004 and there was no impact on profit reported under UK GAAP as at 31 December 2004.

The reconciliation of equity at 1 January 2005 (date of transition to IFRS) below shows impact on the comparative balance sheet following the adoption of IAS 32 and 39.

Reconciliation of equity at 1 January 2005 (date of transition to IFRS).

| | Note | UK GAAP/IFRS excluding IAS32/39 as at 31 December 2004 £'000 | Re- measurement £'000 | IFRS as at 01 January 2005 £'000 |
|---|-------|---|-----------------------------|--|
| ASSETS | | | | |
| Non current assets | | | | |
| Investments in subsidiaries and associate | | 952,116 | - | 952,116 |
| Current assets | | | | |
| Loans and receivables | | 39,000 | - | 39,000 |
| Other receivables | | 2,251 | - | 2,251 |
| Cash and cash equivalents | | 311,275 | - | 311,275 |
| | | 352,526 | - | 352,526 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Other payables | | (27,708) | - | (27,708) |
| Net current assets | | 324,818 | | 324,818 |
| Non-current liabilities | | | | |
| Borrowings | 19(i) | - | (12,396) | (12,396) |
| NET ASSETS | | 1,276,934 | (12,396) | 12,645,538 |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital | 19(i) | 1,242,000 | (15,000) | 1,227,000 |
| Share premium | | 220 | - | 220 |
| Other reserves | 19(i) | - | 3,731 | 3,731 |
| Retained earnings | 19(i) | 34,714 | (1,127) | 33,587 |
| TOTAL EQUITY | | 1,276,934 | (12,396) | 1,264,538 |

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2005**

19. Reconciliation of net assets and profit under UK GAAP to IFRS (continued)

(i) Re-measurement

The effect of the transition to IFRS, following the adoption of IAS32/39, has led to a re-measurement of Share capital, Reserves and Borrowings. This has been caused by the requirement to reclassify the Redeemable 'A' shares to Borrowings, due to conditions of redemption. Under UK GAAP these shares were classified as equity.

Borrowings are recognised under IFRS at their fair value on the inception date, with any differences between their nominal and fair value being shown as other reserves.

Interest on borrowings provided is stated using the effective interest rate.

20. Ultimate parent undertaking

BNP Paribas SA the main provider of funds, is the immediate, ultimate parent and controlling party of the group, and is the smallest and largest group to consolidate these financial statements. BNP Paribas SA is a company incorporated in France with limited liability.

Copies of the group financial statements can be obtained from BNP Paribas SA, 16 boulevard des Italiens, 75009 Paris, France.