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BNP PARIBAS U.K. HOLDINGS LIMITED
Company Registration No. 2106892

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 December 2004



BNP PARIBAS U.K. HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2004

COMPANY INFORMATION

Registration number: 2106892

Registered address: 10 Harewood Avenue
London
United Kingdom
NW1 6AA

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

Secretary: K M Oatway

Auditors: PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London
SE1 9SY
United Kingdom

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BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements of BNP Paribas U.K. Holdings Limited (the 'Company') for the year ended 31 December 2004.

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.

On 3 March 2004, the investment in BNP Paribas European Investment Limited Partnership was liquidated. The net book value of the investment at the date of disposal already included revaluations for capital appreciation arising from the increased value of the partnership interest.

On 13 April 2004, the Company invested £252 million in a non-coupon bearing medium term note issued by BNP Paribas, the ultimate parent undertaking. The note was disposed of on 24 December 2004, and a gain of £7,320,600 was taken to the profit and loss account for the year.

On 29 November 2004, the Company invested £830 million to acquire an 83% holding in Boug B.V., a company set up by a third party undertaking to invest in a company which trades a sterling corporate bond portfolio.

The Directors consider the state of the Company's affairs to be satisfactory.

Future developments

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

Results and dividends

The profit after taxation of the Company amounted to £15,457,000 (2003: £17,762,000). The profit and loss account is set out on page 6 of the financial statements.

The Directors do not recommend the payment of a dividend (2003: £nil).

Share capital

By a special resolution dated 18 December 2003, the redemption date of the redeemable 'A' shares authorised and issued by the Company was amended from 2 January 2004 to 2 January 2007.

By an ordinary resolution dated 28 October 2004, the authorised share capital of the Company was increased from £417 million to £1,247 million by the creation of a further 830 million ordinary shares of £1 each. On 26 November 2004, these shares were issued at par and subscribed by BNP Paribas.

Post balance sheet event

On 13 May 2005, the Company approved an interim dividend for the year ending 31 December 2005 of 12.05 pence per share, amounting to a total of £149,700,000.

Charitable and political donations

Charitable and political donations of £Nil were made during the year (2003: £Nil).

BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT

Directors and their interests

The Directors who held office during the period were:

G Chodron de Courcel (Chairman)	Resigned as Director 12 February 2004 Re-appointed as Director, and appointed as 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
D A E R Peake	Resigned as Director, and Chairman, 22 April 2005
Hon. G E Adeane	Resigned 22 April 2005
J-P Bernard	Resigned 2 September 2004
Sir George J Bull	Resigned 18 March 2004
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 Pébureau	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

M D Toubkin resigned as Company Secretary on 13 May 2005. K M Oatway was appointed as Company Secretary on the same date.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

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

By Order of the Board



K M Oatway
Secretary

10 OCTOBER 2005

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

Company law requires the Directors to prepare accounts 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 period. In preparing those accounts, the Directors are required to:

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- make judgements and estimates that are reasonable and prudent; and
- select suitable accounting policies and then apply them consistently.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts 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.

BNP PARIBAS U.K. HOLDINGS LIMITED

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

We have audited the financial statements which comprise the profit and loss account, balance sheet and related notes, and which have been prepared under the historical cost convention and in accordance with the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Directors' report only.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

20 Oct

2005

BNP PARIBAS U.K. HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2004**

	Notes	2004 £000	2003 £000
Administrative expenses		(90)	2,344
Operating (loss) / profit	2	(90)	2,344
Interest receivable and other similar income	3	5,068	2,175
Income from shares in subsidiary undertakings		-	1,647
Income from other fixed asset investments		2,201	12,822
Amounts written off investments in subsidiary undertakings	6	(115)	(1,226)
Write back impairment of investment in subsidiary undertakings	6	689	-
Profit on sale of fixed asset investment	6	7,321	-
Profit on ordinary activities before taxation		15,074	17,762
Tax on profit on ordinary activities	5	383	-
Retained profit		15,457	17,762

There have been no recognised gains or losses other than the reported result for each respective year.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and the historical cost equivalent.

All items relate to continuing operations.

The notes on pages 8 to 14 form part of the financial statements

BNP PARIBAS U.K. HOLDINGS LIMITED

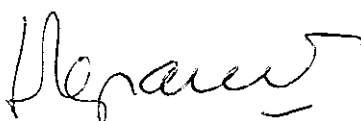
BALANCE SHEET
At 31 December 2004

	Notes	2004 £000	2003 £000
Fixed Assets			
Investments:			
— shares in subsidiary undertakings	6	952,116	121,167
— investment in partnership	6	-	270,608
— loans to subsidiary undertakings	6	39,000	39,000
		991,116	430,775
Current assets			
Debtors	7	313,526	28,292
Creditors: amounts falling due within one year	8	(27,708)	(27,590)
Net current assets		285,818	702
Total assets less current liabilities		1,276,934	431,477
Capital and reserves			
Called up share capital	9	1,242,000	412,000
Share premium account	10	220	220
Profit and loss account	10	34,714	19,257
SHAREHOLDERS' FUNDS	10	1,276,934	431,477

Approved by the Board of Directors on

14 OCTOBER

2005 and signed on its behalf by:



H. HEYNAUD
Director

The notes on pages 8 to 14 form part of the financial statements

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the Directors are described below.

(a) Accounting convention

The financial statements have been prepared under the historical convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. In accordance with Financial Reporting Standard ('FRS') 18, 'Accounting Policies', the Company has devised its accounting policies so as to ensure they are appropriate for the nature of the business and its operations.

(b) Cash Flow Statement and Related Party Disclosures

The Company is a wholly owned subsidiary of BNP Paribas and is included in the consolidated financial statements of BNP Paribas, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1, 'Cash Flow Statements (revised 1996)'.

The Company is also exempt under the terms of FRS 8, 'Related Party Disclosures', from disclosing related party transactions with entities which are part of the BNP Paribas group or investees of the BNP Paribas group.

(b) Fixed asset investments

Fixed asset investments are stated at cost less a provision if, in the opinion of the Directors, there has been a permanent diminution in value. Profits or losses arising from disposals of investments are treated as part of the result from ordinary activities.

(c) Investments in partnerships

Investments in partnerships are stated at cost, as amended by the capital gains accruing on the investment to maturity.

(d) Investment income

Investment income includes capital gains derived from the increase in the value of the partnership shareholding, and coupon receivable.

(e) Deferred taxation

In line with FRS 19 'Deferred tax', full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date, except where otherwise required by accounting standards.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2. Operating profit

The Directors consider that there are no amounts, in the context of the Company's business, that reasonably correspond to turnover.

The main activity of the Company, being the holding of shares in subsidiary undertakings, was carried out predominantly in the United Kingdom.

Auditors' remuneration was borne by BNP Paribas, the parent undertaking.

The Company had no employees in 2004 or 2003.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2004****3. Interest receivable and other similar income**

	2004	2003
	£000	£000
Parent and fellow subsidiary undertakings	5,061	2,162
Other	7	13
	5,068	2,175

4. Directors' emoluments

	2004	2003
	£000	£000
Directors' emoluments	83	92

The highest paid Director received emoluments of £43,000 (2003: £43,000).

The salaries of all but one other Director are deemed to be paid for their services as directors of the Company.

The emoluments of the other Director are paid by the parent undertaking. His services to the Company and to a number of fellow subsidiary undertakings are deemed to be of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the parent undertaking. Accordingly, these financial statements do not include disclosure of this Director's fees as it is not practicable to apportion the salary element.

5. Taxation**(a) Current period tax credit**

	2004	2003
	£000	£000
The taxation credit comprises:		
UK corporation tax – current year at 30% (2003: 30%)	383	-
	383	-

In prior years, no provision was made for UK corporation tax for the respective current year because profits generated by the Company were expected to be covered by group relief from fellow group undertakings surrendered for nil consideration. This Group policy has changed during the year such that consideration is now paid to / received from fellow group undertakings in respect of Group Tax Relief.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2004****5. Taxation (continued)****(b) Factors affecting tax charge for the period**

The current tax (charge)/credit assessed for the period differs from the standard rate of corporation tax in the United Kingdom of 30% (2003: 30%). The differences are explained below.

	2004 £000	2003 £000
Profit on ordinary activities before taxation	15,074	17,762
Current tax at 30% (2003: 30%)	(4,522)	(5,329)
Effects of:		
Effective non-taxable income on disposal of medium term notes	2,196	-
Consideration for utilisation of capital losses	1,930	-
Group relief claimed for nil consideration	-	1,572
Revaluation of capital interest in limited partnership	607	3,630
Dividends from UK investments	-	494
Impairment charge on investments	172	(367)
Tax credit for the current period (Note 5 (a))	383	-

Capital losses of £7,553,092 were utilised in the group during the year. In the prior year, no provision was made for these capital losses because of uncertainty over whether they would be offset by future taxable gains.

6. Investments

	Shares in subsidiary undertakings £000	Investment in partnership £000	Loans to subsidiary undertakings £000	Total £000
Fixed asset investments				
Net book value at 1 January 2004	121,167	270,608	39,000	430,775
Additions	830,375	-	-	830,375
Revaluation	-	2,024	-	2,024
Disposals	-	(272,632)	-	(272,632)
Impairment charge	(115)	-	-	(115)
Write back impairment	689	-	-	689
At 31 December 2004	952,116	-	39,000	991,116

In March 2004, the Company increased its holding in Landspire Limited from 83% to 100% for a consideration of £375,000.

In November 2004, the Company acquired an 83% holding in Boug B.V., a company set up by a third party undertaking to manage a sterling corporate bond portfolio. The consideration was £830 million.

During the year, the Company increased the impairment against its investment in Landspire Limited by £115,000, but at the year-end wrote back the total impairment of £688,000. There were also write-backs of previously recognised impairments in BNP Leasing Limited and BNP Capital Markets Limited, respectively £300 and £700.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

6. Investments (continued)

On 13 April 2004, the Company invested £252 million in a non-coupon bearing medium term note issued by BNP Paribas. The note was disposed of on 24 December 2004. A gain, before taxation, of £7,320,600 arose on disposal. The addition and disposal are not shown in the table above.

(a) 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 2004 were:

	Principal activity	Type of share	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 p.l.c.	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%
Extrairight Limited	Investment company	Ordinary	100.00%
FPSUK (Nominees) Limited	Dormant	Ordinary	100.00%
Landspire Limited	Investment holding company	Ordinary	100.00%
Opera Nominees Limited	Dormant	Ordinary	100.00%
Victoire Nominees Limited	Dormant	Ordinary	100.00%
Beverley Bluewood Finance N.V.	Investment company	Ordinary	100.00%
CAMAI International B.V.	Investment company	Ordinary	100.00%

All subsidiary undertakings are incorporated in England and Wales, except for Beverley Bluewood Finance N.V. (incorporated in Netherlands Antilles), and CAMAI International B.V. and Boug B.V. (both incorporated in Netherlands).

All subsidiary undertakings operate, where relevant, in their respective countries of incorporation.

The following subsidiary undertakings were dissolved on 29 October 2004:

BNP Leasing (3) Limited	Indirect subsidiary
BNP Leasing (6) Limited	Indirect subsidiary
BNP Leasing (9) Limited	Indirect subsidiary
BNP Commercial Credit Limited	Indirect subsidiary

BNP Confirming Limited was dissolved on 26 January 2005.

(b) Investment in partnership

On 3 March 2004, the investment in the partnership of BNP Paribas European Investment Limited Partnership was liquidated.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2004**6. Investments (continued)****(c) Loans to subsidiary undertakings**

The balance of £39 million (2003: £39 million) represents a subordinated loan to BNP Paribas Finance p.l.c., a subsidiary undertaking. Repayment is due after more than one year.

(d) Other investments

An investment, at cost of US\$2 million, is held in Israel Infinity Fund, an unlisted technology fund. The Directors do not consider it likely that the Company will recover its investment in this fund and therefore it is fully provided for,

7. Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	311,596	28,292
Amounts receivable for surrender of capital losses	1,930	-
	313,526	28,292

Amounts owed by group undertakings are due within one year.

Amounts receivable for surrendering capital losses are due within one year from a group undertaking.

8. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	26,110	25,771
Group relief creditors	1,547	1,667
Other creditors	51	152
	27,708	27,590

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004

9. Called up share capital

	2004 £000	2003 £000
Authorised		
<i>Equity share capital</i>		
1,232,000,000 ordinary shares of £1 each (2003: 402,000,000)	1,232,000	402,000
15,000,000 redeemable 'A' shares of £1 each:		
— redeemable at par on 2 January 2004	-	15,000
— redeemable at par on 2 January 2007	15,000	-
	1,247,000	417,000
Allotted, called up and fully paid		
<i>Equity share capital</i>		
1,227,000,000 ordinary shares of £1 each (2003: 397,000,000)	1,227,000	397,000
15,000,000 redeemable 'A' shares of £1 each:		
— redeemable at par on 2 January 2004	-	15,000
— redeemable at par on 2 January 2007	15,000	-
	1,242,000	412,000

- (a) By a special resolution dated 18 December 2003, the redemption date of the redeemable 'A' shares was amended from 2 January 2004 to 2 January 2007.

The redeemable 'A' shares rank *pari passu* in all respects to existing share capital. No premium will be repayable on redemption.

- (b) By an ordinary resolution dated 28 October 2004, the authorised share capital of the Company was increased from £417 million to £1,247 million by the creation of a further 830 million ordinary shares of £1 each. On 26 November 2004, these shares were issued at par and subscribed by BNP Paribas.

10. Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2003	412,000	220	1,495	413,715
Transfer from the profit and loss account	-	-	17,762	17,762
At 1 January 2004	412,000	220	19,257	431,477
Issue of shares	830,000	-	-	830,000
Transfer from the profit and loss account	-	-	15,457	15,457
At 31 December 2004	1,242,000	220	34,714	1,276,934

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

11. Ultimate parent undertaking

The Company is a wholly owned subsidiary of BNP Paribas, a company incorporated in France with limited liability.

BNP Paribas is the parent undertaking of the largest and smallest group for which group financial statements are prepared.

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