

DEVELOPING COUNTRIES INVESTMENT
LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009

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DEVELOPING COUNTRIES INVESTMENT LIMITED

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DEVELOPING COUNTRIES INVESTMENT LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Business review

The business is funded by parent undertakings through equity investment

The company did not trade during the year

The company has no employees. Services required are provided by fellow HSBC Group companies

The company has no stakeholders other than its parent company

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will be reduced from 28% to 24% over a period of 4 years from 2011. Details of anticipated impacts are set out in note 3 to the financial statements

Risk management

The companies' principal risks are described in note 6 to the accounts

Performance

The company's results for the year under review are as detailed in the income statement shown in these accounts

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 2009 (2008 Nil)

Directors

The Directors who served during the year and subsequently were as follows

	Appointed	Resigned
R H Musgrove		
Canada Water Nominees (UK) Limited	22 October 2009	
A P Wilkinson		27 August 2009

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors

Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions

DEVELOPING COUNTRIES INVESTMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Supplier payment policy

During the year, the company only received goods and services from group undertakings only Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information This confirmation is given pursuant to section 418 of the Companies act 2006 and should be interpreted in accordance therewith

Auditors

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law

The financial statements are required by law to present fairly the financial position and the performance of the company The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

DEVELOPING COUNTRIES INVESTMENT LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of directors' responsibilities in relation to financial statements (continued)

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 2006. 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.

By order of the Board



Robert Musgrove
Director

Date 23 September 2010

Registered office
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPING COUNTRIES INVESTMENT LIMITED

We have audited the financial statements of Developing Countries Investment Limited for the year ended 31 December 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

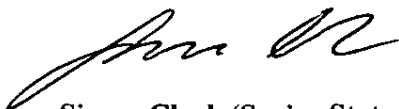
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Clark (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham, B4 6GH

24/9/10

DEVELOPING COUNTRIES INVESTMENT LIMITED
INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2009

	Note	<u>2009</u>	<u>2008</u>
		£	£
Finance income			
Interest receivable		-	54,697
		-----	-----
Profit before tax	2	-	54,697
Tax expense	3	-	(18,250)
		-----	-----
Profit for the year		-	36,447
		-----	-----

All activities of the company were discontinued during the financial year 2008

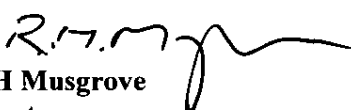
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2009

There has been no comprehensive income or expense other than the profit for the year as shown above
(2008 nil)

DEVELOPING COUNTRIES INVESTMENT LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	<u>2009</u>	<u>2008</u>
		£	£
ASSETS			
Current assets			
Prepayments and accrued income		-	53,723
Cash and cash equivalents held with parent undertakings		4,810,230	4,626,890
Total assets		<u>4,810,230</u>	<u>4,680,613</u>
LIABILITIES AND EQUITY			
Current liabilities			
Current tax		167,868	38,251
Total liabilities		<u>167,868</u>	<u>38,251</u>
Equity			
Called up share capital	4	100	100
Retained earnings		4,642,262	4,642,262
Total equity		<u>4,642,362</u>	<u>4,642,362</u>
Total liabilities and equity		<u>4,810,230</u>	<u>4,680,613</u>

These financial statements were approved by the Board of Directors on 23 September 2010 and were signed on its behalf by


R H Musgrove
 Director

Company Registered Number 2151947

DEVELOPING COUNTRIES INVESTMENT LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2009

	2009	2008
	£	£
Cash flows from operating activities		
Profit before tax	-	54,697
Adjustments for		
Movements in prepayments and accrued income	53,723	(53,723)
Net cash from operating activities	53,723	974
Cash flows from financing activities:		
Received/(paid) in respect of current tax	129,617	(439,646)
Net cash used in financing activities	129,617	(439,646)
Net increase/(decrease) in cash and cash equivalents	183,340	(438,672)
Cash and cash equivalents brought forward	4,626,890	5,065,562
Cash and cash equivalents carried forward	4,810,230	4,626,890

All cash flows were attributable to discontinued operations

DEVELOPING COUNTRIES INVESTMENT LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	£	£
Called up share capital		
Balance brought forward and carried forward	<u>100</u>	<u>100</u>
Retained earnings		
Balance brought forward	<u>4,642,262</u>	<u>4,605,815</u>
Profit for the year and total comprehensive income for the period	<u>-</u>	<u>36,447</u>
Total comprehensive income and expense for the period	<u>-</u>	<u>36,447</u>
Balance carried forward	<u>4,642,262</u>	<u>4,642,262</u>
Total shareholders' equity		
Balance brought forward	<u>4,642,362</u>	<u>4,605,915</u>
Profit for the year	<u>-</u>	<u>36,447</u>
Balance carried forward	<u>4,642,362</u>	<u>4,642,362</u>

Shareholders' funds are wholly attributable to equity shareholders

DEVELOPING COUNTRIES INVESTMENT LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements are presented in sterling and have been prepared on the historical cost basis

The company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at this point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for the year ended 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the company. Accordingly, the company's financial statements for the year ended 31 December 2009 are prepared in accordance with IFRSs as issued by the IASB.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

At 31 December 2009, the company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. There are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective for the year ended 31 December 2009 that have not already been adopted by the company.

No standards or interpretations available for early adoption are expected to have a significant effect on the results or net assets of the company when adopted.

The accounting policies set out below have been applied consistently to all periods presented.

b) Foreign Currencies

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement.

c) Related party transactions

The company maintains bank current accounts, held with another group undertaking.

DEVELOPING COUNTRIES INVESTMENT LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (continued)

d) Use of assumptions and estimates

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent

The accounting policy that is deemed critical to the company's IFRS results and financial position, in terms of the materiality of the items to which the policy is applied, or which involves a high degree of judgement and estimation, is provisions against investments

Provisions are calculated on the basis of current and expected future market conditions

e) Cash and cash equivalents

Inter company transactions are accounted for as financing activities

f) Income tax

Income tax on the profit or loss for the year comprises current tax

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date and any adjustment to tax payable in respect of previous years

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and a legal right to set off exists in the entity

g) Capital management

The company has no externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis

The group's capital resources policy is to maintain its capital base through the diversification of its sources of capital and the efficient allocation of capital. It seeks to maintain at all times a prudent relationship between its total capital, as measured according to the criteria used by the FSA for supervisory purposes, and the varied risks of its business

DEVELOPING COUNTRIES INVESTMENT LIMITED

NOTES ON THE FINANCIAL STATEMENTS

2 PROFIT BEFORE TAX

The directors made no charge for their services (2008 nil) Auditors' remuneration for audit of these financial statements was £1,932 (2008 £1,932) and was borne by a parent undertaking on behalf of the company The company has no employees and hence has no staff costs (2008 nil)

3 TAX EXPENSE

The tax expense comprises	<u>2009</u>	<u>2008</u>
	£	£
Current tax		
- UK corporation tax on current year profit	-	168,145
Deferred tax		
- Reversal of temporary differences	-	(149,895)
Total tax expense	-	18,250

The UK corporation tax rate to Developing Countries Investment Limited was 28% (2008 28.5%)

The following table reconciles the tax expense

	<u>2009</u>	<u>2008</u>
	£	£
Analysis of overall tax expense		
Profit before tax	-	54,697
Taxation at UK corporation tax rate of 28% (2008 28.5%)	-	15,589
Effects of		
Tax rate change	-	2,661
Overall tax expense (see above)	-	18,250

Factors that may affect future current and total tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the Company's future current tax charge accordingly.

DEVELOPING COUNTRIES INVESTMENT LIMITED

NOTES ON THE FINANCIAL STATEMENTS

4 SHARE CAPITAL

	<u>2009</u> £	<u>2008</u> £
Authorised		
100 Ordinary shares of £1 each	100	100
	-----	-----
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	-----	-----

5 PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Bank Plc. The result of the company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

6 RISK MANAGEMENT

Liquidity risk

The company has no significant exposure to liquidity risk due to the nature of its business, which was to hold and dispose of debt obligations, equity and other forms of investment for the purpose of generating maximum profits and cash flows from foreign territories.