



Auburn Options Limited

Directors' report and
financial statements

Year ended 31 December 2006

Registered number 3618664





Auburn Options Limited

Directors' report and financial statements

| <i>Contents</i> | <i>Page</i> |
|--|-------------|
| Directors and other information | 1 |
| Directors' report | 2 |
| Independent auditors' report | 4 |
| Accounting policies | 6 |
| Income statement | 8 |
| Balance sheet | 9 |
| Statement of recognised income and expense | 10 |
| Notes forming part of the financial statements | 11 |



Auburn Options Limited

Directors and other information

Directors

R G Baker
J P Fairrie
D Gantly
Wilmington Trust SP Services (London) Limited

Secretary

Wilmington Trust SP Services (London) Limited

Bankers

Barclays Bank PLC
Financial Markets Team
Level 28
One Churchill Place 1000
London
E14 5HP

Solicitors

TLT Solicitors
One Redcliff Street
Bristol
BS99 7JZ

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Registered office

c/o Wilmington Trust SP Services (London) Limited
Tower 42 (level 11)
25 Old Broad Street
London
EC2N 1HQ



Auburn Options Limited

Directors' report

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

Principal activities, business review and future developments

The principal activity of the company is investment holding. The company has not yet commenced to trade.

Results and dividends

Details of the results for the year are set out in the income statement on page 8 and in the related notes. No dividends have been paid or proposed for either of the 2006 or 2005 fiscal years.

Statement of directors' responsibilities in respect of the directors' report and 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 company financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act, 1985.

The company financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the company and the performance for that period. The Companies Act 1985 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 the company financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether they have been prepared in accordance with IFRS 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

Policy on payment of creditors

The company is responsible for agreeing terms and conditions under which business transactions with suppliers are conducted. It is the company's policy that payments to suppliers are made in accordance with these terms, normally between 30 and 60 days, provided that the supplier is also complying with all relevant terms and conditions.

Auburn Options Limited

Directors' report *(continued)*

Political and charitable contributions

The company made no political or charitable contributions during the year

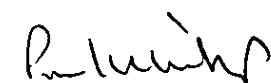
Disclosure of information to auditors

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

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, KPMG Audit Plc will be the auditors of the Company for the forthcoming financial year under provisions of Section 386(2) of the Companies Act 1985

On behalf of the board



Wilmington Trust SP Services (London) Limited
Secretary

8 May 2007



KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Report of the independent auditors to the members of Auburn Options Limited

We have audited the financial statements of Auburn Options Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the Statement of Recognised Income and Expense for Auburn Options Limited and the related notes (the "financial statements"). These financial statements have been prepared under the accounting policies as set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements given a true and fair view and are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. 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 in it.

Basis of 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.



Report of the independent auditors to the members of Auburn Options Limited
(continued)

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act, 1985, of the state of the company's affairs as at 31 December 2006 and of its result for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation

KPMG

Chartered Accountants
Registered Auditor

8 May 2007

Auburn Options Limited

Accounting policies

Statement of compliance

The 2005 statutory financial statements set out on pages 6 to 12 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The standards adopted by the company are those endorsed by the European Union and effective (or available for early adoption) at the date the IFRS financial statements are approved by the Board.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

Auburn Options Limited is a company incorporated in the United Kingdom.

The financial statements have been prepared on the historical cost basis. The accounting policies that the company has applied in the preparation of the financial statements for the year ended 31 December 2006 have been set out below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about the carrying amounts of assets and liabilities. Actual results may differ from the estimates made. The estimates and assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions.

EU Adopted IFRS not yet applied

Relevant standards that have been adopted by the EU which are not yet effective and have not been early adopted in these financial statements are as follows:

- Amendment to IAS 1 – "Capital Disclosures" (effective 1 January 2007). This amendment will require more disclosures regarding the capital structure of the company.

Foreign currencies

The company's functional currency is Pounds Sterling. The financial statements are presented in Pounds Sterling, which is also the company's presentation currency.

Foreign currency transactions are translated into Pounds Sterling at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Exchange movements on these are recognised in the income statement.

Auburn Options Limited

Accounting policies (*continued*)

Taxation

Taxation comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent it relates to an item which is recognised directly in equity, in which case it is recognised directly in equity. Corporation tax payable is provided on taxable profits at current taxation rates. Deferred tax is provided using the liability method on all temporary differences without discounting and deferred tax assets are recognised when it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities and assets are offset only where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dividends

Final dividends on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholder. Interim dividends are recognised in equity in the period in which they are paid.



Auburn Options Limited

Income statement

for year ended 31 December 2006

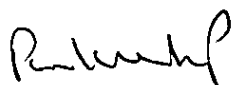
During the current and preceding financial years the company did not trade, received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss. The opening and closing balances in the income statement and retained earnings accordingly remain at Stg£nil.

Auburn Options Limited

Balance sheet at 31 December 2006

| | <i>Note</i> | 2006 Stg£ | 2005 Stg£ |
|--------------------------------|-------------|----------------------|----------------------|
| Assets | | | |
| Prepayments and accrued income | 2 | <u>1</u> | <u>1</u> |
| Total assets | | <u><u>1</u></u> | <u><u>1</u></u> |
| Shareholders' equity | | | |
| Issued share capital | 3 | <u>1</u> | <u>1</u> |
| Total equity | 4 | <u><u>1</u></u> | <u><u>1</u></u> |

On behalf of the board



Wilmington Trust SP Services (London) Limited
Director

8 May 2007

Auburn Options Limited

Statement of recognised income and expense

For the year ended 31 December 2006

The company has not yet commenced to trade and accordingly has incurred no income or expenditure to date
The statement of recognised income and expense accordingly remains at nil

Cash flow statement

For the year ended 31 December 2006

As the company has not yet commenced to trade, no cash flows have occurred to date A cash flow statement has accordingly not been presented

Auburn Options Limited

Notes

forming part of the financial statements

1 Employees

The directors received no remuneration from the company in the current and preceding financial years. The company has no employees and services required are contracted from third parties.

2 Prepayments and accrued income

| | 2006 Stg£ | 2005 Stg£ |
|-------------------------------|-------------------|-------------------|
| Other debtors | 1 | 1 |
| | <u> </u> | <u> </u> |
| All amounts are due on demand | | |

3 Called up share capital

| | 2006 Stg£ | 2005 Stg£ |
|--------------------------------|-------------------|-------------------|
| <i>Authorised</i> | | |
| Ordinary shares of Stg£1 each | 100 | 100 |
| | <u> </u> | <u> </u> |
| <i>Allotted and called up</i> | | |
| 1 Ordinary share of Stg£1 each | 1 | 1 |
| | <u> </u> | <u> </u> |

4 Reconciliation of movement in shareholders' equity

| | Share capital Stg£ | Total equity Stg£ |
|------------------------------|--------------------------|-------------------------|
| 31 December 2006 | | |
| At beginning and end of year | 1 | 1 |
| | <u> </u> | <u> </u> |
| | Share capital Stg£ | Total equity Stg£ |
| 31 December 2005 | | |
| At beginning and end of year | 1 | 1 |
| | <u> </u> | <u> </u> |

Auburn Options Limited

Notes (continued)

5 Ultimate parent undertaking

The company is directly owned by a charitable trust. However, it was established by a contract as part of an individual mortgage securitisation. This contract governs the relationship between Capital Home Loans Limited, Irish Life & Permanent plc, Capital Home Loans Limited's ultimate parent undertaking, and Auburn Options Limited, all of whose activities are precisely defined in the relevant legal documents. Capital Home Loans Limited is the primary beneficiary of the operating policies of the company. Accordingly, this entity has been consolidated within the Capital Home Loans Limited consolidated financial statements, which are in turn, consolidated within the financial statements of Irish Life & Permanent plc, a company incorporated in the Republic of Ireland. A copy of the consolidated group financial statements and annual report may be obtained from the following address: Irish Life Centre, Lower Abbey Street, Dublin 1, Republic of Ireland.

6 Related party transactions

The group has a related party relationship with its direct parent undertaking Capital Home Loans Limited, with its ultimate parent undertaking, Irish Life & Permanent plc and its directors. The directors undertook no transactions directly with the company during the year.

The company undertook the following transactions with Capital Home Loans Limited in the year.

| | As at 31 December 2006 |
|--------------------------------|------------------------------|
| Amounts owed from shareholders | 1 |

7 Approval of financial statements

The board of directors approved these financial statements on 8 May 2007.