

Insight Investment Ventures Limited

Directors' Report and Financial Statements

Year ended 31 December 2005

Registered No. 4459443



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Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2005.

Business Review

The Company was dormant (within the meaning of Section 249AA of the Companies Act 1985) throughout the year to 31 December 2005. Accordingly, the Company has taken advantage of the relevant provisions of the Companies Act 1985 to submit modified financial statements to the Registrar of Companies.

The directors do not envisage any change in the Company's activity in the foreseeable future.

The Company did not trade during the period, and accordingly it made neither a profit nor a loss for the period.

Directors and directors' interests

The directors who held office during the year were as follows:

Douglas Ferrans
Abdallah Nauphal

Directors' beneficial interests in the ordinary share capital of HBOS plc are as follows:

	At 31 December 2005 Ordinary Shares of 25p each	At 31 December 2004 Ordinary Shares of 25p each
Douglas Ferrans	36,303	15,170

According to the register of directors' interests, no rights to subscribe for shares in or debentures of HBOS plc, the ultimate holding company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

	At start of year	During the year		At end of year
		Granted	Exercised	
		Number of options		
HBOS plc Short Term Bonus Scheme (25p Ordinary Shares)				
Douglas Ferrans	6,334	8,225	1,220	13,339
HBOS plc All Employee Share Option Plan (25p Ordinary Shares)				
Abdallah Nauphal	12,609	0	0	12,609
HBOS plc Sharesave (25p Ordinary Shares)				
Douglas Ferrans	3,463	0	0	3,463

Directors' report (continued)

Auditor

The Company, being dormant since incorporation has resolved to make itself exempt from the provisions of Part VII of the Companies Act 1985 relating to the audit of accounts and obligations to appoint auditors.

International financial reporting standards

These accounts are prepared in accordance with applicable United Kingdom law and with International Financial Reporting Standards, consistent with the Company's ultimate parent company, HBOS plc.

By order of the Board



John Veale
Secretary

33 Old Broad Street
London
EC2N 1HZ
22 February 2006

Statement of directors' responsibilities

The directors are responsible for preparing 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 IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and performance of the Company; 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 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Balance sheet

as at 31 December 2005

	Note	2005 £	2004 £
Current assets			
Trade and other receivables	4	<u>1</u>	<u>1</u>
Total current assets		<u>1</u>	<u>1</u>
Total assets		<u>1</u>	<u>1</u>
Equity			
Issued capital	5	<u>1</u>	<u>1</u>
Total equity		<u>1</u>	<u>1</u>

For the year ended 31 December 2005 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

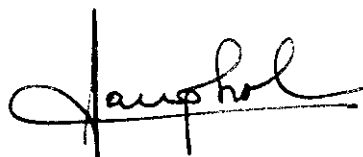
The Directors acknowledge their responsibility for:

- ensuring the Company keeps accounting records which comply with section 221; and
- preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the board of directors on 22 February 2006 and were signed on its behalf by:



Douglas Ferrans
Director



Abdallah Nauphal
Director

The notes on pages 5 and 6 form part of these financial statements.

Notes to the financial statements

1. Significant accounting policies

Insight Investment Ventures Limited (the "Company") is a company domiciled in the United Kingdom.

The financial statements were authorised for issue by the directors on 22 February 2006

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as endorsed by the EU and effective (or available for early adoption) at 31 December 2005.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2005. IAS 32 and IAS 39 only became effective from 1 January 2005. Accordingly, the 2004 comparatives do not reflect the provisions of these standards, which have been prepared in accordance with the applicable UK accounting standards in force for that period.

These are the Company's first financial statements on an IFRS basis.

(b) Basis of preparation

The financial statements are presented in Sterling. They are prepared on the historical cost basis except for current asset investments, which are stated at their fair value:

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Income statement

The Company was dormant (within the meaning of section 249AA of the Companies Act 1985) throughout the period to 31 December 2005. Accordingly, the Company earned no income and incurred no expenses during the period.

3. Remuneration of directors

None of the directors received any emoluments from Insight Investment Ventures Limited in respect of their services to the Company during the period.

Notes to the financial statements (continued)

4. Trade and other receivables

	2005 £	2004 £
Called-up share capital not paid	<u>1</u>	<u>1</u>

5. Issued capital

	2005 £	2004 £
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and not paid		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

6. Related parties

The Company is a wholly owned subsidiary undertaking of Insight Investment Management Limited, which is registered in England and Wales and operates in the United Kingdom. HBOS plc is the ultimate parent undertaking and heads the largest higher group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the financial statements of HBOS plc may be obtained from HBOS plc, The Mound, Edinburgh, EH1 1YZ, which is its principal place of business.