

PRAMERICA FINANCIAL LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2007

Registered number 4497886

WEDNESDAY



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PRAMERICA FINANCIAL LIMITED

DIRECTORS AND OFFICERS

Directors

Mr P M Barrett
Mr K M Shah

Secretary

Mr S J Davies

Registered office

Grand Buildings
Trafalgar Square
1-3 Strand
London
WC2N 5HR

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hay's Galleria
1 Hay's Lane
London SE1 2RD

PRAMERICA FINANCIAL LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and financial statements for the year ended 31 December 2007

1. ACTIVITIES

The company acts as a vehicle for holding monetary balances, loans and investments in group companies

2. REVIEW OF DEVELOPMENTS

The financial statements show results for the year as set out below

	2007 £	2006 £
Revenue	£ <u> -</u>	£ <u> -</u>
Profit on ordinary activities before taxation	35,058	-
Tax on profit on ordinary activities	<u>273,314</u>	<u> -</u>
Profit on ordinary activities after taxation for the year	£ <u>308,372</u>	£ <u> -</u>

The company did not pay an interim dividend of in the year (2006 £nil) The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2007 (2006 – £nil)

Per the exemption afforded to small companies under S 246(4)(a) of the Companies Act 1985 the company has elected not to present a full business review in the Report of the Directors

3. DIRECTORS

The current directors are shown on page 1

During the period no director had any beneficial interest in the allotted share capital of the company, or of any parent or fellow subsidiary company

REPORT OF THE DIRECTORS (Continued)

4. FUTURE PROSPECTS

The directors expect the company to continue to develop during 2008

5. DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements for each financial year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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 whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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

6. STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

7. ELECTIVE RESOLUTIONS

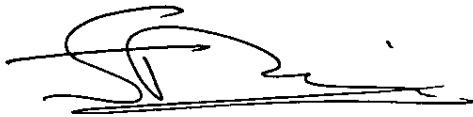
In accordance with Section 379A of the Companies Act 1985, the company has passed elective resolutions to dispense with the requirements to lay accounts and reports before General Meetings and to hold Annual General Meetings

8. AUDITORS

Pursuant to Section 386 of the Companies Act 1985, the company has passed an elective resolution to dispense with the obligation to appoint auditors annually

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors

Approved by the board of directors
and signed on behalf of the board

A handwritten signature in black ink, appearing to be 'S J Davies', written over a horizontal line.

Mr S J Davies
Company Secretary
24 April 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRAMERICA FINANCIAL LIMITED

We have audited the financial statements of Pramerica Financial Limited for the year ended 31 December 2007, which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRAMERICA FINANCIAL LIMITED (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

25 April 2008

PRAMERICA FINANCIAL LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

	Note	2007 £	2006 £
Revenue		-	-
Administration expenses		<u>(4,539)</u>	<u>(669,855)</u>
Operating loss	2	<u>(4,539)</u>	<u>(669,855)</u>
Foreign exchange gain		-	26,338
Interest receivable		39,597	646,453
Interest payable		<u>-</u>	<u>(2,936)</u>
Profit on ordinary activities before taxation		35,058	-
Tax on profit on ordinary activities	4	<u>273,314</u>	<u>-</u>
Profit for the year transferred to reserves	10	<u>308,372</u>	<u>-</u>

There are no other recognised gains or losses other than the result for the year as stated above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the result for the year as stated above and their historical cost equivalents

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS
for the year ended 31 December 2007**

	Note	2007	2006
Profit for the year	10	308,372	-
Capital Contributions returned	9	-	(5,477,505)
Opening shareholder's funds		<u>9,727,932</u>	<u>15,205,437</u>
Closing shareholder's funds		<u>10,036,304</u>	<u>9,727,932</u>

The notes on pages 9 to 13 form part of the financial statements

PRAMERICA FINANCIAL LIMITED

BALANCE SHEET as at 31 December 2007

	Note	2007 £	2006 £
Fixed Assets			
Investments in subsidiary	5	<u>9,567,148</u>	<u>9,567,148</u>
Current assets			
Debtors	6	473,739	220,860
Creditors: amounts falling due within one year	7	<u>(4,583)</u>	<u>(60,076)</u>
Net assets		<u>10,036,304</u>	<u>9,727,932</u>
Capital and reserves			
Called up share capital	8	1	1
Capital contribution reserve	9	9,531,744	9,531,744
Profit and loss account	10	<u>504,559</u>	<u>196,187</u>
Total shareholder's funds		<u>10,036,304</u>	<u>9,727,932</u>

The financial statements on pages 7 to 13 were signed and approved by the directors on 24 April 2007



Mr P M Barrett
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year 31 December 2007

1. ACCOUNTING POLICIES

These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and conform with applicable United Kingdom accounting standards. The Directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

(a) Consolidation

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of PIC Holdings Limited, a company registered in England and Wales. PIC Holdings Limited consolidates the results of this company.

(b) Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard No 1 (Revised 1996) - Cash Flow Statements, as the cash flows of the company are included in the consolidated cash flow statement of the ultimate parent company, Prudential Financial, Inc.

(c) Related party transactions

In accordance with the exemption afforded by Financial Reporting Standard No 8 – Related Party Disclosures, certain details of transactions with parent and fellow subsidiary companies are not disclosed, as the company is a wholly owned subsidiary of a group whose consolidated financials statements are publicly available.

(d) Foreign currency

All monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange at the balance sheet date. Foreign currency transactions undertaken by the company are translated into sterling at the rates ruling at the time of the transaction and foreign exchange differences arising are treated as part of the company's profit on ordinary activities. Any resulting gain or loss is recognised in the profit and loss account.

(e) Investments

Investments are stated at cost less provision for any permanent diminution in value.

(f) Taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year 31 December 2007

2. OPERATING LOSS

	2007 £	2006 £
<i>Operating loss is stated after charging:</i>		
Auditors' remuneration –audit fees		
Current year	3,900	3,710
Prior year	-	(25)

3. DIRECTORS' EMOLUMENTS

The directors received no emoluments for their services in relation to being a director of the company. The directors of the company are paid by the parent company, PIC Holdings Limited.

It is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly no recharges for their qualifying services to the company have been incurred and no emoluments are disclosed within this company.

The total emoluments of the directors are included in the remuneration of PIC Holdings Limited.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Current Tax		
UK corporation tax on the results of the period	10,517	-
Tax credit in respect of prior years	(283,831)	-
Current tax credit in the period	(273,314)	-

The tax assessed for the period is lower than (2006 the same as) the standard rate of corporation tax in the UK (30%).

	2007 £	2006 £
Profit for the year before tax	35,058	-
Tax at 30% (2006 – 30%)	10,517	-
Tax credit in respect of prior years	(283,831)	-
Current tax credit in the period	(273,314)	-

There are no deferred tax assets or liabilities in 2007 (2006 £nil)

PRAMERICA FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **for the year 31 December 2007**

5. INVESTMENT IN SUBSIDIARY

	2007	2006
	£	£
At 1 January and 31 December	<u>9,567,148</u>	<u>9,567,148</u>

The investment represents 100% of the £1 ordinary share capital of Pramerica Real Estate Investors Limited, a company incorporated in England and Wales and whose principal activity is to act as a holding company

6. DEBTORS

	2007	2006
	£	£
Amounts owed by other group companies	172,629	220,860
Other debtors	<u>301,110</u>	<u>-</u>
Amounts owed by other group companies	<u>473,739</u>	<u>220,860</u>

Amounts owed by other group companies are unsecured, and repayable on demand. Interest is received on £172,628 (2006: £220,859) relating to cash and loans held by affiliate companies, at the Bank of England Base rate less 0.25% (2006: at the annual monthly LIBID rate)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Amounts owed to other group companies	-	55,717
Accruals	<u>4,583</u>	<u>4,359</u>
	<u>4,583</u>	<u>60,076</u>

Amounts owed to parent and fellow subsidiary companies are unsecured, interest free and repayable on demand

PRAMERICA FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year 31 December 2007**8. CALLED UP SHARE CAPITAL**

	2007 £	2006 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, issued and unpaid		
1 Ordinary share of £1 each	1	1

9. CAPITAL CONTRIBUTION RESERVE

	2007 £	2006 £
At 1 January	9,531,744	15,009,249
Capital contributions repaid in the year	<u>-</u>	<u>(5,477,505)</u>
At 31 December	<u>9,531,744</u>	<u>9,531,744</u>

The Capital Contribution reserve represents irrevocable gifts to the company, which are distributable at the discretion of the directors

10. PROFIT AND LOSS RESERVE

	2007 £	2006 £
At 1 January	196,187	196,187
Profit for the year	<u>308,372</u>	<u>-</u>
At 31 December	<u>504,559</u>	<u>196,187</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year 31 December 2007

11. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Prudential Financial Inc , a company incorporated in the United States of America. It is also the parent undertaking of the largest group, which includes the company and for which group financial statements are prepared. The immediate parent undertaking of the smallest group, which includes the company and for which group financial statements are prepared is PIC Holdings Limited, a company registered in England and Wales. Copies of the latter's financial statements are available from Companies House, Crown Way, Mandy, Cardiff CF4 3UZ.

F.A.O. Firms Contact Centre

**INDEPENDENT AUDITORS' REPORT TO THE FINANCIAL SERVICES
AUTHORITY IN RESPECT OF PRICOA CAPITAL MANAGEMENT LIMITED, FSA
REFERENCE 181389, FOR THE YEAR ENDED 31 DECEMBER 2007**

- 1 We report in accordance with SUP 3 10 4 on the matters set out below in respect of PRICOA Capital Management Limited ('the firm')
- 2 We have carried out such procedures as we considered necessary for the purposes of this report having regard to Practice Note 21 'The audit of investment businesses in the United Kingdom (Revised)' issued by the Auditing Practices Board
- 3 Systems and control procedures relating to custody assets and client money are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such procedures cannot be proof against fraudulent collusion, especially on the part of those holding positions of authority or trust. Furthermore, this opinion relates only to the year ended 31 December 2007 and should not be seen as providing assurance on any future position, as changes to systems and control procedures may occur
- 4 In our opinion
 - a) the firm maintained systems adequate to enable it to comply with the FSA's rules in CASS 2 and 4 5 (Custody assets and Mandates) throughout the year, and
 - b) the firm was in compliance with the FSA's rules in CASS 2 and 4 5 (Custody assets and Mandates) as at 31 December 2007
- 5 The scope of the firm's permission from the FSA did not allow it to hold client money. The directors have stated that the firm did not hold client money during the year. Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held custody assets or client money during the year.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

25 April 2008

This report is provided to the FSA solely in its capacity as a regulator under the Financial Services and Markets Act 2000 for use in meeting its supervisory responsibilities. Save as provided by law or regulation, it must not be made available or copied or otherwise quoted or referred to in whole or in part in any way, including orally, to any person other than the FSA, the firm or the parent company of the firm without our express written permission, which we may, at our absolute discretion, grant or withhold or grant subject to conditions, including conditions as to our responsibility. We accept no duty or responsibility, and we disclaim all liability whether in contract, tort (including negligence) or otherwise to any person other than the firm, its parent company or the FSA in respect of this report but this sentence does not exclude any liability which by law cannot be excluded.

F.A.O. Firms Contact Centre

**INDEPENDENT AUDITORS' REPORT TO THE FINANCIAL SERVICES
AUTHORITY IN RESPECT OF PRICOA CAPITAL MANAGEMENT LIMITED, FSA
REFERENCE 181389, FOR THE YEAR ENDED 31 DECEMBER 2007**

- 1 We report in accordance with SUP 3 10 4 on the matters set out below in respect of PRICOA Capital Management Limited ('the firm')
- 2 We have carried out such procedures as we considered necessary for the purposes of this report having regard to Practice Note 21 'The audit of investment businesses in the United Kingdom (Revised)' issued by the Auditing Practices Board
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REFERENCE 181389, FOR THE YEAR ENDED 31 DECEMBER 2007**

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRAMERICA FINANCIAL LIMITED (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

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24 April 2008