

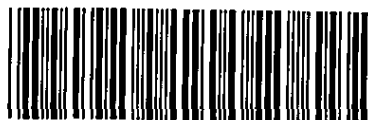
## **Pillar Options Limited**

### **Report of the Directors and Financial Statements**

**31 December 2006**

Registered number 4498061

THURSDAY



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# **Pillar Options Limited**

## **Report of the Directors and Financial Statements**

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# **Pillar Options Limited**

## **Officers and Professional Advisors**

### **Directors**

J P J Fairrie  
Wilmington Trust SP Services (London) Limited  
P M Spensley

### **Secretary**

Wilmington Trust SP Services (London) Limited

### **Auditor**

KPMG Audit Plc  
One Canada Square  
London  
E14 5AG

### **Principal Bankers**

HSBC  
8 Canada Square  
London  
E14 5XL

### **Registered Office**

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

## **Pillar Options Limited**

### **Report of the Directors**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2006

#### **Principal activities and business review**

The Company was established to hold an option to acquire the loan notes issued by Group undertakings in the event that enforcement of the security is insufficient to pay the full amount due in respect of the loan notes issued. The Company is currently dormant and the Directors believe that it will not commence to trade unless this option is exercised.

The Directors have satisfied themselves that the Company have adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

#### **Results and dividends**

The Directors do not recommend the payment of a dividend.

#### **Directors**

Listed below are the names of the Directors who served on the Board during the period under review.

J P J Fairrie  
Wilmington Trust SP Services (London) Limited  
PM Spensley

#### **Directors' interests**

The Company's ultimate parent is Pillar Holdings Limited, of which Wilmington Trust Ltd is the sole non-beneficial owner.

There are no other directors' interests requiring disclosure under the Companies Act 1985.

## **Pillar Options Limited**

### **Report of the Directors (*continued*)**

#### **Political and Charitable Donations**

The Group made no donations during the year ended 31 December 2006 (2005 £nil)

#### **Disclosure of information to auditor**

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 auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself /herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

#### **Auditors**

An ordinary resolution will be proposed at the Annual General Meeting to re-appoint KPMG Audit Plc as auditors of the Company



By Order of the Board  
Wilmington Trust SP Services (London) Limited

Secretary

Date

31/07/ 2007

## **Pillar Options Limited**

### **Statement of Directors' responsibilities in relation to 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 company financial statements in accordance with IFRSs as adopted by the EU.

The company financial statements are required by law and IFRSs 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 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 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.

# Pillar Options Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PILLAR OPTIONS LIMITED

We have audited the financial statements of Pillar Options Limited for the year ended 31<sup>st</sup> December 2006 which comprise the Balance Sheet, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies 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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

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 give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31st December 2006 and of its results 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.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
31/12/2007

## Pillar Options Limited

### Balance Sheet

At 31 December 2006

	Note	2006 £	2005 £
<b>Assets</b>			
<b>Current assets</b>			
Amounts owed by Group undertakings		<u>1</u>	<u>1</u>
<b>Total assets</b>		<u>1</u>	<u>1</u>
<b>Equity</b>			
Called up share capital	4	<u>1</u>	<u>1</u>
<b>Total equity and liabilities</b>		<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on 31/07 2007 and were signed on its behalf by



**Wilmington Trust SP Services (London) Limited**  
*Director*

The notes on pages 8-9 form part of the financial statements

## **Pillar Options Limited**

### **Statement of Changes in Equity** **For the year ended 31 December 2006**

	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2005	1	-	1
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2005	1	-	1
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	1	-	1

The notes on pages 8-9 form part of the financial statements

# Pillar Options Limited

## Notes to the Financial Statements

### 1 Basis of preparation

The financial statements have been prepared in accordance with IFRSs adopted for use in the European Union

The accounting policies set out in this note have been applied in the preparation of the financial statements for the year ended 31 December 2006

A cash flow statement has not been prepared as there were no transactions during the year

### 2. Audit fees

Audit fees of £1,000 relating to the Company have been equally borne by Pillar Funding 2002-1 plc and Pillar Funding 2003-1 plc

### 3 Directors emoluments and staff costs

No emoluments were received or are receivable by any Director in respect of services during the period. The Company's staff costs were borne by Egg Banking plc of which Pillar Options Limited is a quasi-subsiary

### 4. Share capital

	2006 £	2005 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted and fully paid up</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

### 5. Financial instruments

The Company holds an option to acquire the loan notes issued by Group undertakings in the event that enforcement of the security is insufficient to pay the full amount due in respect of the loan notes issued. As at 31 December 2006 the fair value of this option was £nil (2005 £nil)

### 6. Related party transactions

The Company, together with its parent companies, are deemed to be a quasi-subsiary of Egg Banking plc. There were no transactions with Egg Banking plc during the year

## **Pillar Options Limited**

### **Notes to the Financial Statements *(continued)***

#### **7 Parent undertakings**

The immediate parent undertaking is Pillar Holdings Limited, a company registered in England and Wales

The smallest group into which the Company is consolidated is that of Egg Banking plc, registered in England and Wales. Copies of the financial statements can be found at Egg Banking plc, Citigroup Centre, Canada Square, London E14 5LB

The largest group into which the Company is consolidated for the year ended 31 December 2006, is that of Prudential plc, registered in England and Wales. Copies of the financial statements can be found at Prudential plc, Laurence Pountney Hill, London EC4R 0HH

The shares in Pillar Holdings Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes