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**MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2007**



## **MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED DIRECTORS' REPORT**

The Directors present their report and financial statements for the year ended 30 November 2007.

### **Incorporation**

The Company was incorporated on 9 November 2005.

### **Results**

The profit for the year after tax amounted to £1,495,011 (2006: £774,422) and is dealt with as shown in the revenue statement. The Directors are not proposing to pay a final dividend.

### **Activity**

The Company acts as an investment company.

### **Directors**

The directors of the Company at 30 November 2007 were:

Dr G Birch  
Mr D Gibbs  
Mr A Hodson  
Mr H van der Klugt

All of the above have been Directors of the Company since 15 November 2005.

### **Directors' Interests**

None of the Directors had an interest in the share capital of the Company at 30 November 2007. All the Directors are also directors of the Company's parent company and their interests in that company are declared in its financial statements.

No Director has a contract or a material interest in any contract with the Company.

### **Share Capital**

Changes in the Company's share capital are detailed in note 5 to the financial statements.

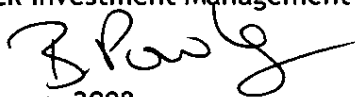
### **Auditors**

In accordance with section 386 of the Companies Act 1985 the Company has resolved to dispense with the obligation to appoint auditors annually. Accordingly, Ernst & Young LLP are deemed to be reappointed as auditors from 1 November 2005.

By order of the Board,

for BlackRock Investment Management (UK) Limited  
Secretary

18 January 2008



Registered Office:  
33 King William Street  
London EC4R 9AS  
Registered Number: 4372192

**MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED**  
**DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS**

The Directors are required to ensure that financial statements are prepared which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit and loss of the Company for that period.

The Directors consider that in preparing the financial statements on pages 4 to 7 the Company has used appropriate accounting policies, consistently applied (except as disclosed) and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements, as the current assets, which the Company holds from time to time, are either readily realisable assets or cash.

The Directors also have responsibility for ensuring that the Company keeps proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **REPORT OF THE AUDITORS**

to the members of MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED

We have audited the Company's financial statements for the year ended 30 November 2007, which comprise the Revenue Statement, Balance Sheet and the related notes 1 to 8. These financial statements have been prepared on the basis of 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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the Company 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**

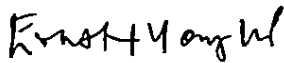
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of affairs of the Company as at 30 November 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
London  
18 January 2007



**MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED**  
**REVENUE STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2007**

	Notes	2007 £	2006 £
Gross income on investments and deposits		90,915	103
Option premium income		<u>2,057,038</u>	<u>1,118,264</u>
Gross income		2,147,953	1,118,367
Finance costs		12,223	12,049
Profit on ordinary activities before taxation		<u>2,135,730</u>	<u>1,106,318</u>
Taxation	2	<u>640,719</u>	<u>331,896</u>
Profit on ordinary activities after taxation		<u>1,495,011</u>	<u>774,422</u>

There are no recognised gains and losses other than the profit for the year of £1,495,011 (2006: £774,422).

The notes on pages 6 to 7 form part of the financial statements.

**MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED**  
**BALANCE SHEET AS AT 30 NOVEMBER 2007**

	Notes	2007 £	2006 £
<b>Current assets</b>			
Cash		<u>1,693,671</u>	<u>909,017</u>
		<u>1,693,671</u>	<u>909,017</u>
<b>Creditors-amount falling due within one year</b>			
Corporation taxation payable		<u>524,235</u>	<u>284,594</u>
		<u>524,235</u>	<u>284,594</u>
<b>Total assets less current liabilities</b>		<u>1,169,436</u>	<u>624,423</u>
<b>Financed by:</b>			
Share capital	5	<u>1</u>	<u>1</u>
Revenue reserve	6	<u>1,169,435</u>	<u>624,422</u>
<b>Equity shareholders' funds</b>		<u>1,169,436</u>	<u>624,423</u>

These financial statements were approved by the Board of Directors on 18 January 2008 and signed on its behalf by Mr A Hodson, Chairman.



The notes on pages 6 and 7 form part of the financial statements.

**MERRILL LYNCH COMMODITIES SECURITIES INCOME COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**(i) Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and are in accordance with applicable accounting standards.

**(ii) Income**

Income from equity investments is included in revenue by reference to the date on which the investment is quoted ex-dividend. Foreign income is converted at the exchange rate applicable at the time of receipt.

Premia from options written are recognised on a receipts basis. Interest receivable and payable is accounted for on an accruals basis.

**(iii) Investments**

Listed investments are valued at closing bid market prices ruling on the balance sheet date.

**(iv) Deferred taxation**

Deferred taxation is provided using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise, calculated at the rate at which it is anticipated the timing differences will reverse.

**(v) Foreign currency translation**

All transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the dates of such transactions.

Foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling at that date.

Exchange differences arising on the revaluation of investments held as current assets are included in unrealised gains/losses on investments. Exchange differences arising on the translation of other foreign currency assets and liabilities are taken to the revenue statement.

**(vi) Operating expenses**

All of the Company's operating expenses are borne by its parent undertaking.

## Notes to the Financial Statements continued

### 2. Taxation

	2007 £	2006 £
The charge, based on the results for the year, comprise:	640,719	331,896
Corporation tax	<u>640,719</u>	<u>331,896</u>

### 3. Dividend

In the year, the Company paid dividends of £100,000 on 5 January 2007 to shareholders on the register on 29 December 2006, £200,000 on 23 March 2007 to shareholders on the register on 19 March 2007, £100,000 on 26 September 2007 to shareholders on the register on 18 September 2007 and a further dividend of £550,000 on 13 November 2007 to shareholders on the register at 12 November 2007.

### 4. Directors' emoluments

None of the directors received any emoluments for their services to the Company during the year (2006: £nil).

### 5. Share capital

The authorised share capital of the Company is £100 divided into 100 shares of £1, of which 2 ordinary shares of £1 have been allotted, issued and fully paid up.

### 6. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
<i>Distributable profits</i>		
Opening revenue reserve	624,424	-
Revenue available for distribution	1,495,011	774,422
Dividends paid	(950,000)	(150,000)
Closing revenue reserve	<u>1,169,435</u>	<u>624,422</u>
<i>Financing</i>		
Share capital	1	1
Profit & loss account	<u>1,169,435</u>	<u>624,422</u>
Closing shareholders' funds	<u>1,169,436</u>	<u>624,423</u>

### 7. Contingent liabilities

There were no contingent liabilities outstanding at 30 November 2007 (2006: £nil).



**8. Ultimate holding company**

The ultimate holding company is Merrill Lynch Commodities Income Investment Trust plc, which is incorporated in England and Wales. Merrill Lynch Income Investment Trust plc has included this Company in its group accounts, copies of which may be obtained from 33 King William Street, London EC4R 9AS.