

FIL Capital Management (UK) Limited

(Registered number: 6605826)

Financial statements

**For the year ended
30 June 2012**



FIL CAPITAL MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE

The directors present their report and the audited financial statements of FIL Capital Management (UK) Limited ("the Company") for the year ended 30 June 2012

Business review and principal activities

The Company was incorporated on 29 May 2008

On 29 May 2008, the Company issued 10,000 shares (£1 each) The authorised share capital of the Company is 100,000 shares FIL Limited ("FIL") is the ultimate parent undertaking

The principal activity of the Company is to provide investment research services and ancillary and general administration services for FIL Capital Management Limited (incorporated in Bermuda), including the provision of factual information, research reports and investment proposals as FIL Capital Management Limited may require from time to time

The Company is not authorised and regulated by the Financial Services Authority ("FSA") for conduct of regulated services in UK, as the Company acts as investment research provider to FIL Capital Management Limited, and will only undertake investment services or activities exclusively for FIL Capital Management Limited or other FIL undertakings which are subsidiary undertakings of FIL Limited

The results for the Company are set out on page 5

Development of the business

The Company's activities are expected to continue during the coming year Future levels of growth are largely dependent on market strength

Financial risk management

The Company is subject to operational risks and financial risks The latter include the effect of changes in market risk, credit risk, and liquidity risk, which make up the principal risks and uncertainties facing the Company The Company does not use derivative financial instruments and does not apply hedge accounting

The Company is committed to a business strategy which supports the proactive identification and assessment of risk, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies The directors monitor risks associated with the Company and work closely with the risk management department of another FIL Limited group company to identify potential risks and deal with them

The Company has access to various oversight functions which provide a global and independent perspective to assist senior management with establishing policies and procedures for effective control and risk management

Market risk

The Company is exposed to various types of market risk Interest rate risk applies to interest bearing assets in the form of deposits and cash held with the Company's banks Term deposit balances earn fixed rates of interest, and overnight deposits are subject to the interest rate available on the day Foreign currency exchange rate risk exists on certain costs incurred but the potential impact of this is immaterial to the Company

Liquidity risk

Working capital balances are monitored closely on an ongoing basis

FIL CAPITAL MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012 - Continued

Key performance indicators

The directors use several financial key performance indicators ("KPIs") when reviewing the performance of the Company. At this time, non financial KPIs are not a significant element of the business performance review, however the directors will continue to review their appropriateness.

Directors

The directors of the Company during the year ended 30 June 2012 and up to the date of signing the financial statements (unless otherwise stated) are listed below:

Simon Clark
Simon Mark Haslam
Nicola Joanne McCabe

Statement of Directors' responsibilities

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 financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

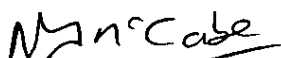
Disclosure of information to auditors

So far as the directors are aware there is no relevant audit information of which the Company's auditors are unaware, and they 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.

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting.

On behalf of the board



N McCabe
Director
5th December 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIL CAPITAL MANAGEMENT (UK) LIMITED

We have audited the financial statements of FIL Capital Management (UK) Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

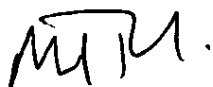
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mark Pugh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5th December 2012

FIL CAPITAL MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | Year Ended 30 June 2012 £000 | Year Ended 30 June 2011 £000 |
|--|-------|------------------------------------|------------------------------------|
| Turnover | | 2,877 | 3,449 |
| Administrative expenses | | (2,601) | (3,108) |
| Operating profit | | 276 | 341 |
| Exchange gain | | 4 | 30 |
| Profit on ordinary activities before taxation | 2 | 280 | 371 |
| Taxation on profit on ordinary activities | 5 | (108) | (115) |
| Profit for the financial year | | 172 | 256 |

All operations are regarded as continuing

The Company has no recognised gains and losses other than those included in the profit and loss account, 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 profit for the financial year stated above and their historical cost equivalents

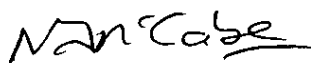
The notes on pages 8 to 12 form an integral part of these financial statements

FIL CAPITAL MANAGEMENT (UK) LIMITED

BALANCE SHEET AS AT 30 JUNE 2012

| | Notes | 2012 £000 | 2011 £000 |
|---|-------|----------------|----------------|
| Current assets | | | |
| Debtors | 6 | 2,051 | 1,711 |
| Cash at bank and in hand | | 12 | 168 |
| | | <u>2,063</u> | <u>1,879</u> |
| Creditors amounts falling due within one year | 7 | <u>(1,800)</u> | <u>(1,788)</u> |
| Net Current Assets | | <u>263</u> | <u>91</u> |
| Net assets | | <u>263</u> | <u>91</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 10 | 10 |
| Profit and loss account | | 253 | 81 |
| Total shareholders' funds | 9 | <u>263</u> | <u>91</u> |

The financial statements on pages 5 to 12 were approved by the board of directors and were signed on its behalf by -



N McCabe
Director
FIL Capital Management (UK) Limited
Registered number 6605826
5th December 2012

FIL CAPITAL MANAGEMENT (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | Year Ended 30 June 2012 £000 | Year Ended 30 June 2011 £000 |
|--|-------|------------------------------------|------------------------------------|
| Net cash (outflow)/ inflow from operating activities | 10 | (482) | 860 |
| Net cash inflow from returns on investments and servicing of finance | | - | - |
| Taxation | | (108) | (115) |
| Capital Expenditure | | - | - |
| Net cash (outflow)/ inflow before use of liquid resources and financing | | (590) | 745 |
| Management of liquid resources | | - | - |
| Net cash outflow from management of liquid resource | | - | - |
| Financing | | | |
| Payment of Dividends | | - | (600) |
| Notes Receivable | | 434 | (28) |
| Long-term loan | | - | - |
| (Decrease)/increase in cash | 12 | (156) | 117 |

The notes on pages 8 to 12 form an integral part of these financial statements

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 Principal accounting policies

1.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

1.2 Turnover

Turnover, which excludes Value Added Tax, represents fees receivable for the provision of investment advisory services. Revenue is recognised as earned on an accruals basis.

1.3 Foreign currencies

Monetary assets and liabilities of the Company expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of the transaction. Translation differences are included in the profit before taxation.

1.4 Pension scheme arrangements

Another UK group company, FIL Investment Management Limited ("FIML") operates a self-administered defined contribution scheme in which eligible employees of FIML and the Company participate. The Company is allocated an amount of FIML's expense through an expense allocation.

1.5 Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2012

2 Profit on ordinary activities before taxation

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| The profit on ordinary activities is stated after (crediting) | | |
| Intra-group allocations (revenue) | (2,877) | (3,450) |
| Foreign exchange gain | (4) | (30) |

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP for the audit of the Company were £2,200 (2011 £2,200) There were no fees for other services in the year (2011 nil)

3 Employee Information

| | 2012 £000 | 2011 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 1,552 | 2,032 |
| Social security costs | 241 | 297 |
| Other pension costs | 134 | 122 |
| | <u>1,927</u> | <u>2,451</u> |

The average monthly number of employees directly employed by the Company (excluding directors) is nine (2011 five)

4 Directors' emoluments

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| <u>All directors</u> | | |
| Aggregate emoluments | 464 | 447 |
| Company pension contributions to defined contribution schemes | 49 | 46 |
| | <u>513</u> | <u>493</u> |

During the period retirement benefits were accruing to one (2011 one) director under a defined contribution scheme

As at 30 June 2012 there were no outstanding or prepaid contributions to the pension scheme (2011 nil) in relation to directors

The total directors' emoluments above relate to one director and therefore represent disclosure for the highest paid director as well

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2012

5 Tax on profits on ordinary activities

(a) The charge for tax on profit on ordinary activities is made up as follows

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Current taxation | | |
| UK corporation tax on profits for the year | 59 | 115 |
| Prior year adjustment in respect of group relief payable to a fellow subsidiary | - | (61) |
| Adjustments in respect of prior years | 171 | 91 |
| Total current tax | 230 | 145 |
| Deferred taxation | | |
| Origination and reversal of timing differences | (122) | (30) |
| Tax on profit on ordinary activities | 108 | 115 |

(b) The tax assessed for the year is higher (2011 higher) than the rate of corporation tax charged in the UK for the period of 25.5% (2011 27.5%). Factors affecting the tax charge are explained below

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 280 | 371 |
| Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 25.5% (2011 27.5%) | 72 | 102 |
| Effects of | | |
| Expenses not deductible for tax purposes | 2 | 1 |
| Adjustments in respect of prior years | 171 | 91 |
| Prior year adjustment in respect of group relief | - | (61) |
| Movement on long term accruals | (15) | 12 |
| Total current tax charge | 230 | 145 |

In 2012, the Company has not claimed or surrendered losses to fellow group companies

In 2011, the Company has not claimed or surrendered losses to fellow group companies

(c) The movement on the deferred tax asset is as follows

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| At 1 July | 45 | 15 |
| Deferred tax credit in profit and loss account | 122 | 30 |
| At 30 June | 167 | 45 |

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2012

(d) The deferred tax asset consists of

| | 2012 £000 | 2011 £000 |
|-------------------------------|--------------|--------------|
| Short-term timing differences | <u>167</u> | <u>45</u> |

6 Debtors

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 1,870 | 1,220 |
| Other debtors | 6 | 441 |
| VAT recoverable | 8 | 5 |
| Deferred tax asset | <u>167</u> | <u>45</u> |
| | <u>2,051</u> | <u>1,711</u> |

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment. Other debtors relates to a loan paid to a director at 4.75% for 5 years. There was repayment of loan of £412,822 in 2012 (2011 Nil).

7 Creditors amounts falling due within one year

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Accounts payables and accrued liabilities | <u>1,800</u> | <u>1,788</u> |

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

8 Called up share capital

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Authorised | | |
| 100,000 ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Issued and paid up | | |
| 10,000 ordinary shares of £1 each | <u>10</u> | <u>10</u> |

9 Reconciliation of movement in shareholders' funds

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Opening shareholders' funds | 91 | 435 |
| Profit for the financial year | 172 | 256 |
| Dividend payment | - | (600) |
| Closing shareholders' funds | <u>263</u> | <u>91</u> |

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2012

10 Reconciliation of operating profit to net cash inflow from operating activities

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Operating profit | 276 | 341 |
| Foreign Currency Exchange gain | 4 | 30 |
| (Increase) in debtors | (774) | (316) |
| Increase in creditors | 12 | 805 |
| Net cash inflow from operating activities | <u>(482)</u> | <u>860</u> |

11 Reconciliation of net cash flow to movement in net funds

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| (Decrease)/increase in cash in the year | (156) | 117 |
| Cash inflow from increase in liquid resources | - | - |
| Movement in net funds in the year | <u>(156)</u> | <u>117</u> |
| Net funds at 30 June 2011 | 168 | 51 |
| Net funds at 30 June 2012 | <u>12</u> | <u>168</u> |

12 Analysis of changes in net funds

| | At 30 June 2011 £000 | Cash flows £000 | At 30 June 2012 £000 |
|--------------------------|----------------------------|--------------------|----------------------------|
| Cash at bank and in hand | <u>168</u> | <u>(156)</u> | <u>12</u> |

13 Capital commitments

There were no capital commitments as at 30 June 2012 (2011 nil)

14 Contingent amounts

The Company does not have any contingent liability as at 30 June 2012 (2011 nil)

15 Related party transactions

The Company has taken advantage of the exemption under the terms of FRS 8 from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties

16 Ultimate parent undertaking and controlling party

The parent undertaking and controlling party is FIL Limited (previously Fidelity International Limited), a company incorporated in Bermuda. FIL Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements