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LOXLEY INVESTMENTS LIMITED

Report and Financial Statements

For the period 19 August 2003 to 31 December 2003

REGISTERED NUMBER (CAYMAN): WK127159
REGISTERED NUMBER (UK): FC024755



LOXLEY INVESTMENTS LIMITED

DIRECTORS' REPORT

For the period 19 August 2003 to 31 December 2003

The directors present their report together with the audited financial statements for the period ended 31 December 2003.

Review of Business

The principal activity of the Company is to act as an investment company. No significant change in this activity is envisaged in the foreseeable future.

Results and Dividends

During the period the Company made a profit after taxation of \$71,087,260 (prior period: \$2,115,840). Dividends of \$70,880,631 (prior period: \$2,115,840) were declared during the period of which \$64,533,112 was paid. The directors consider that the performance of the Company has been satisfactory during the period.

Directors

The directors of the Company, who served during the period, together with their dates of appointment and resignation, where appropriate, are as shown below:

T Fryett (appointed 19 August 2003)
D Hackett
D Hodge (resigned 19 August 2003)
A Janisch (resigned 24 March 2004)
S Poulter (resigned 24 March 2004)
S Turnill (resigned 30 January 2004)
E Kendall (appointed 3 February 2004)
L Humphries (appointed 24 March 2004)
S Haworth (appointed 24 March 2004)

Directors' Interests in Shares

(as defined by section 325 the Companies Act 1985)

No disclosure is made as the directors have taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

LOXLEY INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

For the period 19 August 2003 to 31 December 2003

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 3 to 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the Auditors in relation to the financial statements.

The directors are required by the Companies Act 1985, as applicable to overseas companies, to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period.

The directors consider that in preparing the financial statements on pages 5 to 14,

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all the accounting standards which they consider to be applicable have been followed, and
- that the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985 as applicable to overseas companies.


The directors 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.

Auditors

The directors have appointed PricewaterhouseCoopers LLP as auditors to the Company. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

BY ORDER OF THE BOARD

Darren Hackett



Director

Walker House
Mary Street PO Box 908GT
George Town
Grand Cayman
Cayman Islands

19 April 2004

LOXLEY INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOXLEY INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 14, which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes, which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 as applicable to overseas companies. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with 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.

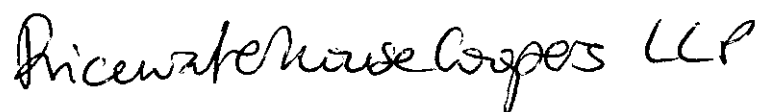
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

LOXLEY INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOXLEY INVESTMENTS LIMITED (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 and of its profit and cashflows for the period then ended and have been properly prepared in accordance with the Companies Act 1985 as applicable to overseas companies.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date: 19 April 2004

LOXLEY INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 19 AUGUST TO 31 DECEMBER 2003

	Notes	Period from 19 August to 31 December 2003 \$	Period from 6 August to 18 August 2003 \$
Administrative expenses		(12,557)	-
Operating loss		<u>(12,557)</u>	<u>-</u>
Interest receivable and similar income	3	105,476,953	3,022,628
Profit on ordinary activities before taxation	4	105,464,396	3,022,628
Tax on profit on ordinary activities	5	(34,377,136)	(906,788)
Profit on ordinary activities after taxation		<u>71,087,260</u>	<u>2,115,840</u>
Dividends paid and payable	6	(70,880,631)	(2,115,840)
Retained profit for the period		<u>206,629</u>	<u>-</u>
Retained profit brought forward		-	-
Retained profit carried forward		<u><u>206,629</u></u>	<u><u>-</u></u>

All recognised gains and losses are included in the profit and loss account. Operating loss is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The notes on pages 8 to 14 form an integral part of these financial statements.

LOXLEY INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	As at 31 December 2003 \$	As at 18 August 2003 \$
FIXED ASSET INVESTMENTS	7	4,002,955,754	-
CURRENT ASSETS			
DEBTORS: Amounts falling due within one year	8	9,079,765	4,003,755,662
Cash at bank and in hand		27,777,103	680,086
CREDITORS: Amounts falling due within one year	9	(36,605,993)	(1,435,748)
NET CURRENT ASSETS		250,875	4,003,000,000
TOTAL ASSETS LESS CURRENT LIABILITIES		4,003,206,629	4,003,000,000
NET ASSETS		4,003,206,629	4,003,000,000
CAPITAL AND RESERVES			
Equity share capital	10	2,000,000	2,000,000
Profit and loss account		206,629	-
TOTAL EQUITY SHAREHOLDERS' FUNDS		2,206,629	2,000,000
Non-equity share capital	10	4,001,000,000	4,001,000,000
TOTAL SHAREHOLDERS' FUNDS	11	4,003,206,629	4,003,000,000

A reconciliation of movement in shareholders' funds is given in note 11.

The notes on pages 8 to 14 form an integral part of these financial statements.

The financial statements on pages 5 to 14 were approved by the Board of Directors on 19 April 2004



Director
Darren Hackett

LOXLEY INVESTMENTS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM 19 AUGUST 2003 TO 31 DECEMBER 2003

		Period from 19 August to 31 December 2003	Period from 6 August to 18 August 2003
	Notes	\$	\$
Net cash outflow from operating activities	12	(1,031)	-
Returns on investments and servicing of finance	13	28,010,627	680,086
Taxation		(923,991)	-
Capital expenditure and financial investments		10,381	-
Financing	14	-	-
Increase in cash during the period		<u>27,095,986</u>	<u>680,086</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Period from 19 August to 31 December 2003	Period from 6 August to 18 August 2003
	\$	\$
Increase in cash during the period	27,095,986	680,086
Change in net funds	<u>27,095,986</u>	<u>680,086</u>
Net funds at start of period	680,086	-
Net funds at end of period	<u>27,776,072</u>	<u>680,086</u>

LOXLEY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

The first accounting reference period of the Company ran from incorporation on 6 August 2003 to 18 August 2003. The accounting reference period was subsequently changed to 31 December 2003.

Reporting Currency

The Company's principal activities are undertaken in Canadian dollars and for this reason the accounts are prepared in Canadian dollars.

Foreign Exchange

Assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate ruling at the balance sheet date except where rates of exchange are fixed under contractual arrangements. Trading results denominated in foreign currencies are translated into Canadian dollars at average rates of exchange during the year unless a contracted rate applied. All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

Investments

Investment debt securities are stated at cost less any provision for impairment. Investment securities are intended for use on a continuing basis by the Company and have been identified as such.

Derivative Financial Instruments

The Company is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange rates. These instruments comprise cross currency forward contracts. The purpose of these instruments is to reduce risk. Derivative financial instruments are accounted for on an accruals basis in line with the underlying assets or liabilities.

Overseas Companies

The financial statements have been prepared in accordance with the Companies Act 1985 applicable to overseas companies. The Company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

2. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the period (period ending 18 August 2003: \$nil).

LOXLEY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
Interest receivable from group undertakings	-	3,022,628
Interest receivable from fixed asset investments	105,401,992	-
Other interest receivable	74,961	-
	<u>105,476,953</u>	<u>3,022,628</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
Profit on ordinary activities before taxation is stated after charging: -		
Auditors' remuneration:		
Audit Services	11,526	-
	<u>11,526</u>	<u>-</u>

There were no employees employed by the Company during the period. In the period ending 18 August 2003, the audit fees were borne by the ultimate parent company.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
United Kingdom: Corporation taxation	30,263,118	906,788
Overseas tax	4,114,018	-
	<u>34,377,136</u>	<u>906,788</u>

LOXLEY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

The tax charge is based on a standard UK corporation tax rate of 30%. The effective tax rate is higher than the standard tax rate as a result of foreign withholding tax suffered and foreign exchange. These differences are explained below.

	\$	\$
Profit on ordinary activities before taxation	105,464,396	3,022,628
Tax charge at average UK Corporation Tax rate of 30% (2002 30%)	31,639,319	906,788
Effects of:		
Overseas tax suffered	4,114,018	-
Restriction on relief of overseas tax suffered	(1,234,206)	-
Foreign exchange	(141,995)	-
Current tax charge for the period	34,377,136	906,788
Effective Rate	32.6%	30.0%

6. DIVIDENDS PAID AND PAYABLE

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
Non-equity dividends payable on Redeemable Shares	70,880,631	2,115,840
	70,880,631	2,115,840

In accordance with the provisions of FRS 4, the Company has appropriated through the profit and loss account dividends on the Company's Cumulative Redeemable "B" Shares.

LOXLEY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. FIXED ASSET INVESTMENTS

	Investment in Debt securities \$	Government securities \$	Total \$
As at 18 August 2003	-	-	-
Additions	4,000,000,000	2,956,995	4,002,956,995
Amortisation of premium	-	(1,241)	(1,241)
As at 31 December 2003	<u>4,000,000,000</u>	<u>2,955,754</u>	<u>4,002,955,754</u>

Fixed asset investments consist of Fixed Rate Deposit Notes issued by The Bank of Nova Scotia and Canadian government securities. The Fixed Rate Deposit Notes have a face value of JPY 346,238,000,000 (\$4,000,000,000) and pays interest at a rate of 2.3750% per annum. The market value of the Canadian government securities at 31 December 2003 is \$3,102,102.

8. DEBTORS: Amounts falling due within one year

	As at 31 December 2003 \$	As at 18 August 2003 \$
Amounts owed by group undertakings	-	4,003,755,662
Other debtors	9,079,765	-
	<u>9,079,765</u>	<u>4,003,755,662</u>

At the beginning of the period, the Company had a loan due from its parent company, Myers Grove Investments Limited, of \$4,003,000,000. The interest rate was 6.7958%. At the beginning of the period, the accrued interest was \$755,662. This loan and accrued interest was repaid in full on 19 August 2003.

9. CREDITORS: Amounts falling due within one year

	As at 31 December 2003 \$	As at 18 August 2003 \$
Amounts due to group undertakings	2,970	-
Corporation tax	30,245,915	906,788
Dividends payable	6,345,582	528,960
Accruals	11,526	-
	<u>36,605,993</u>	<u>1,435,748</u>

LOXLEY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CALLED UP SHARE CAPITAL

	As at 31 December 2003 \$	As at 18 August 2003 \$
Authorised:		
<u>Attributable to equity interests:</u>		
2 Ordinary "A" Shares of \$1,000,000 each	2,000,000	2,000,000
<u>Attributable to non-equity interests:</u>		
6,555 Cumulative Redeemable "B" Shares of \$ 1,000,000 each	6,555,000,000	6,555,000,000
723 Redeemable "C" Shares of \$ 1,000,000 each	723,000,000	723,000,000
Allotted and fully paid:		
<u>Attributable to equity interests:</u>		
2 Ordinary "A" Shares of \$1,000,000 each	2,000,000	2,000,000
<u>Attributable to non-equity interests:</u>		
3,278 Cumulative Redeemable "B" Shares of \$ 1,000,000 each	3,278,000,000	3,278,000,000
723 Redeemable "C" Shares of \$ 1,000,000 each	723,000,000	723,000,000

On 6 August 2003 the Company issued and allotted 2 Ordinary "A" Shares of \$1,000,000 each at par. The 2 issued Ordinary "A" Shares carry 67% of the voting rights of the Company on a proposed dissolution resolution and 33% of the voting rights in all other matters.

On 14 August 2003 the Company issued and allotted 3,278 Cumulative Redeemable "B" Shares of \$1,000,000 each at par (the "B" shares). The 3,278 "B" Shares carry the right to fixed rate dividends of 5.8092% per annum payable monthly on a cumulative basis. In a vote on a proposed dissolution resolution, the "B" shares carry 33% of the voting rights. In all other matters, the "B" shares carry 67% of the vote.

The "B" Shares are redeemable at any time, subject to the holder giving the Company three business days' notice. The "B" Shares may be redeemed in cash or in specie. Where the redemption is in cash, the redemption amount will be the lower of the issue price of the shares and a share of the fair market value of the net assets of the Company based on the number of B shares in issue as a percentage of all shares in issue. Where there is a redemption in specie, the redemption amount will be the lower of the issue price of the shares and the fair market value of specified assets.

On 14 August 2003 the Company issued and allotted 723 Redeemable "C" Shares of \$1,000,000 each (the "C" Shares) at par. The 723 issued Redeemable "C" Shares are redeemable after the redemption of the "B" Shares, at their issue price, and carry no voting rights.

On unwind, the Company first pays any dividend due to the holders of the "B" shares. The Company then redeems the "B" Shares via an in specie distribution of its assets or a cash distribution, or combination of both. The "C" Shares are then entitled to any dividend declared but not paid and redemption of the "C" Shares. Thereafter, the remainder is due to the holder of the Ordinary "A" shares.

LOXLEY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	As at 31 December 2003 \$	As at 18 August 2003 \$
Profit for the financial period	71,087,260	2,115,840
Dividends paid and payable	(70,880,631)	(2,115,840)
Issue of equity shares	-	2,000,000
Issue of non-equity shares	-	4,001,000,000
Net additions to shareholders' funds	206,629	4,003,000,000
Opening shareholders' funds	4,003,000,000	-
Closing shareholders' funds	4,003,206,629	4,003,000,000

12. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
Operating loss	(12,557)	-
Changes in operating assets and liabilities:		
Increase in creditors	11,526	-
Net cash outflow from operating activities	(1,031)	-

LOXLEY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
Interest received from group undertakings	755,662	2,266,966
Other interest received	92,317,036	-
Preference dividends paid	(65,062,071)	(1,586,880)
	<u>28,010,627</u>	<u>680,086</u>

14. FINANCING

	Period from 19 August 2003 to 31 December 2003 \$	Period from 6 August 2003 to 18 August 2003 \$
Loans to group undertakings	-	(4,003,000,000)
Issue of equity share capital	-	2,000,000
Issue of non-equity share capital	-	4,001,000,000
	<u>-</u>	<u>-</u>

15. RELATED PARTY TRANSACTIONS

At the start of the period, the Company had a loan owing from its parent company, Myers Grove Investments Limited, as disclosed in note 8. This was repaid in full on 19 August 2003.

16. ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays PLC's and Barclays Bank PLC's statutory accounts are available from the Group Corporate Secretariat, 54 Lombard Street, London EC3P 3AH.