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019771/30

Lakeside Finance
(formerly IMI Finance Ireland)

**Directors' report and
financial statements**

Year ended 30 September 2004

Registered number 281572



Lakeside Finance

Directors' report and financial statements

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Lakeside Finance

Directors and other information

Directors

Gregory Croydon (U.K.)
Nigel Gilpin (U.K.)
Trevor Slack (U.K.)
Joanne Bower (U.K.)

Registered office

1 Stokes Place
St. Stephen's Green
Dublin 2

Secretary

Helen Brown

Principal Banker

Lloyds TSB Bank plc
Colmore Row
Birmingham
B3 2DS

Auditors

KPMG
Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1

Lakeside Finance

Directors' report

The directors submit their annual report together with the audited financial statements of the company for the year ended 30 September 2004.

Principal activities, business review and future developments

The company is engaged principally in the provision of intra-group financial services.

On 31 October 2003 the management of the company was transferred to IMI plc in the U.K. The management agreement with ABN AMRO IFSC was terminated on the same date.

On 3 November 2003 the directors resolved to change the name of the company from IMI Finance Ireland to Lakeside Finance.

Results and dividends

The results for the year are set out on page 9. The directors have declared a dividend of US\$384,000 (2003: US\$ Nil) for the year.

Directors and secretary and directors' interests

On 31 October 2003, David Guest, James Etter and John O'Shea resigned as directors of the company and Antoinette Kehoe resigned as company secretary. On the same date Trevor Slack, Paul Boulton, Nigel Gilpin and Gregory Croydon were appointed as directors and Joanne Bower was appointed as company secretary.

On 30 July 2004, Paul Boulton resigned as a director to the company. On the same date, Joanne Bower was appointed as a director to the company.

On 3 November 2004, Joanne Bower resigned as secretary to the company. On the same date Helen Brown was appointed as secretary to the company.

The directors and secretary who held office at 30 September 2004 had no interests, other than those shown below, in the share capital, debentures or loan stock of the company or any group company.

Director	Number of options over ordinary shares of 25p each in IMI plc.					Exercise price Stg	Expiry date
	30/09/03	Granted	Exercised	Lapsed	30/09/04		
Greg Croydon	116,500	20,000		10,324	126,176	2.266-4.551	02.04.06-24.03.14
Nigel Gilpin	104,500	20,000		21,500	103,000	2.266-4.551	02.04.06-24.03.14
Trevor Slack	858,000	173,000	8,000	285,000	738,000	2.266-4.551	02.04.06-24.03.14
Joanne Bower	10,000	5,000			15,000	2.266-4.551	02.04.06-24.03.14

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Directors' report *(continued)*

Number of ordinary Shares of 25p each held in IMI plc.

	30/09/03	30/09/04
Greg Croydon	5,291	5,858
Nigel Gilpin	648	589
Trevor Slack	21,632	25,886
Joanne Bower	-	-

Number of ordinary shares of 25p each in IMI plc granted under an IMI Savings Related Share Option Scheme

	30/09/03	Granted	Price Stg	30/09/04	Date of Exercise	Exercise Price Stg
Greg Croydon	8,394	NIL	-	8,394	2005 – 2006	2.01
Nigel Gilpin	8,394	NIL	-	8,394	2005 – 2006	2.01
Trevor Slack	7,384	NIL	-	7,384	2004 – 2008	2.01-3.65
Joanne Bower	389	326	2.89	715	2007 – 2009	2.44-2.89

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing a service provider with appropriate expertise and by providing adequate resources to the financial function. The books of account of the company were maintained at ABN AMRO House, IFSC, Dublin 1, until 31 October 2003. Thereafter they are maintained at Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham B37 7XZ, United Kingdom.

Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



Gregory Croydon
Director



Nigel Gilpin
Director

6th June 2005

Lakeside Finance

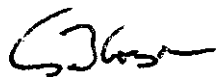
Statement of Directors responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 year. 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
- 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2003 and all Regulations to be construed as one with those Acts. 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.

On behalf of the board



Gregory Croydon
Director



Nigel Gilpin
Director

6th June 2005



KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Independent auditors' report to the members of Lakeside Finance

We have audited the financial statements on pages 7 to 15.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we required to state to them in an auditors' 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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the company's balance sheet is in agreement with the books of account and report to you our opinion as to whether

- the company has kept proper books of account;
- the directors' report is consistent with the financial statements;
- at the balance sheet date a financial situation existed that may require the company to hold an extraordinary general meeting, on the grounds that the net assets of the company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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.

Independent auditors' report to the members of Lakeside Finance

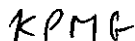
Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company as at 30 September 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The balance sheet of the company is in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 2 and 3 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 10, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 30 September 2004 a financial situation which, under section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.


Chartered Accountants
Registered Auditors

9 June 2005

Lakeside Finance

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The directors have availed of the exemption available to companies under Financial Reporting Standard 2, "Accounting for Subsidiary Undertakings", as its ultimate parent undertaking, IMI plc prepares consolidated financial statements into which Lakeside Finance is consolidated.

The directors have decided to avail of the exemption available to subsidiary undertakings under Financial Reporting Standard 1 (Revised), "Cash Flow Statements", and accordingly have not prepared a cash flow statement.

Foreign currency

The financial statements are expressed in US Dollars, (US\$). Monetary assets and liabilities denominated in foreign currencies are translated into US\$ using the exchange rates prevailing at the balance sheet date or at exchange rates under forward currency contracts where such contracts exist for the relevant monetary assets and liabilities. Profits and losses on these contracts are amortised over the life of the contracts and included in the profit and loss account.

Transactions denominated in foreign currencies are recorded in US\$ at the exchange rates ruling at the date of the transactions. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Monetary assets are monies held and amounts to be received in cash. All other assets are non-monetary assets.

Income

Income, which comprises interest on loans advanced, is taken to revenue on an accruals basis gross of any related withholding tax.

Financial fixed assets

Financial fixed assets are carried at cost less any provision for impairment in value.

Lakeside Finance

Statement of accounting policies *(continued)*

Taxation

Corporation tax is provided on taxable profits at the current rate.

In accordance with FRS 19, "Deferred Tax", except where otherwise required by other accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Provision is made at the rates of taxation expected to prevail at the time of reversal.

A deferred tax asset is recorded where it is more likely than not to be recoverable. The recoverability of deferred tax assets is assessed annually by the directors.

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Profit and loss account for the year ended 30 September 2004

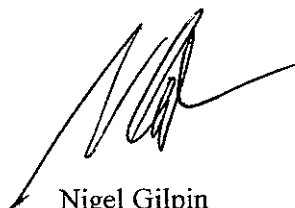
		Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
	<i>Note</i>		
Operating income - continuing activities	1	3,862,634	6,442,155
Operating expenses	2	(86,172)	(89,350)
Profit on ordinary activities before taxation		3,776,462	6,352,805
Tax on profit on ordinary activities	5	(1,052,116)	(992,261)
Profit on ordinary activities after taxation		2,724,346	5,360,544
Dividends paid and proposed	6	(384,000)	-
Retained profit for the year		2,340,346	5,360,544
Profit and loss account at beginning of year		10,422,228	5,061,684
Profit and loss account at end of year		12,762,574	10,422,228

The company had no recognised gains or losses in the financial year other than those set out in the profit and loss account and, accordingly, a statement of total recognised gains and losses is not presented.

On behalf of the board



Gregory Croydon
Director



Nigel Gilpin
Director

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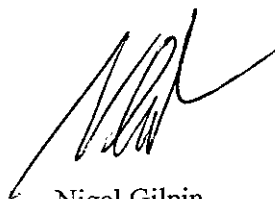
Balance sheet at 30 September 2004

	Note	30 September 2004 US\$	30 September 2003 US\$
Fixed assets			
Financial assets	7	587,004,000	587,004,000
Current assets			
Loans and advances	8	226,857,770	225,007,868
Debtors	9	385,658	102,845
Bank and cash		18,023	35,055
		<u>227,261,451</u>	<u>225,145,768</u>
Creditors: amounts falling due within one year	10	<u>(498,875)</u>	<u>(723,538)</u>
Net current assets		<u>226,762,576</u>	<u>224,422,230</u>
Net assets		<u>813,766,576</u>	<u>811,426,230</u>
Capital and reserves			
Called up share capital	11	801,004,002	801,004,002
Profit and loss account		12,762,574	10,422,228
Shareholders' funds - equity	12	<u>813,766,576</u>	<u>811,426,230</u>

On behalf of the board



Gregory Croydon
Director



Nigel Gilpin
Director

Lakeside Finance

Notes

(forming part of the financial statements)

1 Operating income	Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
Interest income	<u>3,862,634</u>	<u>6,442,155</u>
2 Operating expenses	Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
Administration expenses	<u>86,172</u>	<u>89,350</u>
3 Statutory and other information	Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- Audit	11,987	10,749
- Non audit services	16,038	-

4 Staff numbers and costs

The company had no persons directly employed at any time during the financial year.

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Notes (continued)

5 Taxation

	Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
(a) Analysis of charge in year		
Corporation tax on profits for the year	1,052,116	914,190
Under provision in previous year	-	78,071
	<hr/>	<hr/>
Total current tax (note 5(b))	1,052,116	992,261
	<hr/>	<hr/>

(b) Factors affecting tax charge in year

The tax assessed for the year is higher than the standard rate of corporation tax in Ireland of 12½% as the company became UK tax resident on 1 November 2003, where the standard rate of tax is 30%. The differences are explained below:

	Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
Profit on ordinary activities before tax	3,776,462	6,352,805
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2003: 13.375%)	1,132,939	849,688
<i>Effects of:</i>		
Prior year under provision in corporation tax	-	78,071
Movement in exchange rate of US\$ to Euro	-	64,502
Differences in tax rates	(80,823)	-
	<hr/>	<hr/>
Total current tax (note 5(a))	1,052,116	992,261
	<hr/>	<hr/>

6 Dividends

	Year ended 30 September 2004 US\$	Year ended 30 September 2003 US\$
Ordinary Shares		
- Paid US\$0.00048 per share	384,000	-
	<hr/>	<hr/>

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Notes (continued)

7 Financial assets

	30 September 2004 US\$	30 September 2003 US\$
Shares in subsidiary undertaking	587,004,000	587,004,000

Subsidiary undertakings

<i>Name and registered office</i>	<i>Country of incorporation</i>	<i>Details of investment</i>	<i>Proportion held by company</i>	<i>Principal activity</i>
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Investment held 30 September 2004 and at 30 September 2003

IMI Treasury Ireland	Ireland	400,000,000 shares of US\$ 1 each	100%	Finance company
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In the opinion of the directors the shares in the company's subsidiary are worth at least the amount at which they are stated in the balance sheet.

8 Loans and advances

	30 September 2004 US\$	30 September 2003 US\$
Due from group undertakings	226,857,770	225,007,868

All loans and advances fall due within one year.

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Notes (continued)

9 Debtors

	30 September 2004 US\$	30 September 2003 US\$
Accrued interest receivable	385,658	102,845

All debtors fall due within one year.

10 Creditors: amounts falling due within one year.

	30 September 2004 US\$	30 September 2003 US\$
Accrued expenses	-	8,000
Corporation tax payable	498,875	602,504
Payable to group undertakings	-	113,034
	498,875	723,538

11 Share capital

	30 September 2004 US\$	30 September 2003 US\$
<i>Authorised:</i>		
1,000,000,000 ordinary shares of US\$1 each	1,000,000,000	1,000,000,000
<i>Allotted, called up and fully paid:</i>		
801,004,002 ordinary shares of US\$1 each	801,004,002	801,004,002

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Notes (continued)

12 Reconciliation of movements in shareholders' funds

	30 September 2004 US\$	30 September 2003 US\$
Total recognised gains and losses for year/period	2,340,346	5,360,544
Opening shareholders' funds	811,426,230	806,065,686
	<hr/>	<hr/>
Closing shareholders' funds	813,766,576	811,426,230
	<hr/>	<hr/>

13 Related parties

The company has availed of the exemption in Financial Reporting Standard No. 8, "Related Party Disclosures", for undertakings consolidated by a parent owning more than 90% of the ordinary share capital and, accordingly, the details of transactions with fellow group undertakings are not disclosed. Details of the availability of the group's consolidated financial statements are given in note 14 below.

14 Group membership

The company's ultimate parent undertaking is IMI plc, a company incorporated and operating in the United Kingdom. The company's financial statements are included in the consolidated financial statements prepared by its ultimate controlling party, IMI plc. The consolidated financial statements can be obtained from IMI plc, Lakeside, Solihull, Parkway, Birmingham Business Park, Birmingham, B37 7K2, United Kingdom.

15 Approval of financial statements

These financial statements were approved by the directors on 6th June 2005.