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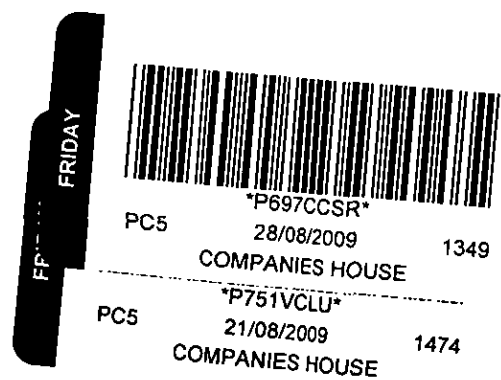
Lakeside Finance

Directors' report and
financial statements

Period ended 31 December 2008

Registered number 281572

F25009



Lakeside Finance

Directors' report and financial statements

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Directors and other information

Directors

Gregory Croydon (U.K.)
Joanne Morgan (U.K.) (resigned as director
5 March 2009)
Helen Afford (U.K.) (appointed director 28 April 2009)

Registered office

1 Stokes Place
St. Stephen's Green
Dublin 2

Secretary

Helen Afford

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 period ended 31 December 2008.

Principal activities, business review and future developments

The company is principally a finance company.

Results and dividends

The results for the period are set out on page 9. The directors have not declared a dividend for the period.

Directors and secretary and directors' interests

The directors and secretary who held office at 31 December 2008 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
	30/09/07	Granted	Exercised	Lapsed	31/12/08		
Greg Croydon	-	-	-	-	-	-	-
Joanne Bower	5,000	-	(5,000)	-	-	2.05	24.08.07-23.03.15

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

	30/09/07	Granted	Price Stg	Exercised	Lapsed	31/12/08	Exercise Price Stg	Date of exercise
Greg Croydon	2,329	1,785	3.91	(1,815)	-	2,299	3.80	01.08.11-31.01.12
Joanne Bower	1,357	-	-	-	(1,357)	-	-	01.08.07-01.08.09

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Directors' report *(continued)*

Number of options over ordinary shares of 25p each in IMI plc granted under a Performance Share Plan

	30/09/07	Granted	Price Stg	Exercised	Lapsed	31/12/08	Exercise price Stg	Date of exercise
Greg Croydon	20,500	7,700	3.91	4,735	3,765	19,700	3.91-4.95	04.04.11- 04.04.18
Joanne Morgan	3,050	3,100	4.65	-	-	6,150	-	04.04.11- 04.04.18

Number of ordinary Shares of 25p each held in IMI plc. 30/09/07 31/12/08

Greg Croydon	15,994	52,998
Joanne Morgan	1,190	1,804

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 are maintained at Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham B37 7XZ, United Kingdom.

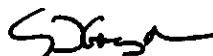
Post balance sheet events

Post year end Joanne Morgan was appointed as Company Compliance Officer and therefore resigned as a director of Lakeside Finance on 5 March 2009. Helen Afford was appointed as director on 28 April 2009.

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



Helen Afford
Director

7 July 2009

Lakeside Finance

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss 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 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.

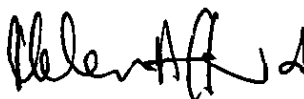
The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2006.

On behalf of the board



Gregory Croydon
Director



Helen Afford
Director

7 July 2009

Independent auditors' report to the members of Lakeside Finance

We have audited the financial statements of Lakeside Finance for the period ended 31 December 2008 set out on pages 7 to 14. 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 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 *(continued)*

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company as at 31 December 2008 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006 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 31 December 2008 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.

KMG

Chartered Accountants
Registered Auditor
1 Harbourmaster Place
IFSC
Dublin 1

14 July 2009

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.

The financial statements are for the 15 month period ending 31 December 2008. The comparative information is for the year ended 30 September 2007.

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.

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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 period ended 31 December 2008

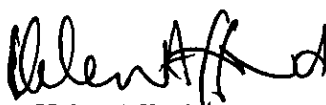
		Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
	<i>Note</i>		
Operating income - continuing activities	1	83,292,510	58,161,401
Operating expenses	2	(17,445)	(13,736)
		<hr/>	<hr/>
Operating profit		83,275,065	58,147,665
Profit on sale of investment		-	203,396,000
		<hr/>	<hr/>
Profit on ordinary activities		83,275,065	261,543,665
Tax on profit on ordinary activities	5	(22,182,316)	(17,688,945)
		<hr/>	<hr/>
Retained profit for the period/year		61,092,749	243,854,720
Profit and loss account at beginning of period/year		269,850,038	25,995,318
		<hr/>	<hr/>
Profit and loss account at end of period/year		330,942,787	269,850,038
		<hr/>	<hr/>

The company had no recognised gains or losses in the financial period 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



Helen Afford
Director

7 July 2009

Lakeside Finance


Balance sheet at 31 December 2008

	Note	31 December 2008 US\$	30 September 2007 US\$
Fixed assets			
Current assets			
Loans and advances (of which US\$752,000,000 falls due greater than one year)	6	1,131,070,189	1,030,011,285
Debtors	7	695,196	41,550,674
Bank and cash		317,837	322,925
		<u>1,132,083,222</u>	<u>1,071,884,884</u>
Creditors: amounts falling due within one year	8	<u>(136,433)</u>	<u>(1,030,844)</u>
Net current assets		<u>1,131,946,789</u>	<u>1,070,854,040</u>
Net assets		<u>1,131,946,789</u>	<u>1,070,854,040</u>
Capital and reserves			
Called up share capital	9	801,004,002	801,004,002
Profit and loss account		330,942,787	269,850,038
Shareholders' funds - equity	10	<u>1,131,946,789</u>	<u>1,070,854,040</u>

On behalf of the board



Gregory Croydon
Director



Helen Afford
Director

7 July 2009

Lakeside Finance

Notes

(forming part of the financial statements)

1 Operating income	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
Interest income	83,292,510	58,161,401
	83,292,510	58,161,401
2 Operating expenses	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
Administration expenses	17,445	13,736
3 Statutory and other information	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- Audit	17,271	13,736

4 Staff numbers and costs

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

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Notes (continued)

5 Taxation

	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
(a) Analysis of charge in period		
Corporation tax on profits for the period	22,182,316	17,688,945
Total current tax (note 5(b))	22,182,316	17,688,945

(b) Factors affecting tax charge in period

The tax assessed for the period is higher than the standard rate of corporation tax in Ireland of 12.5% as the company became UK tax resident on 1 November 2003, where the standard rate of tax is 30%. The standard rate of tax changed from 30% to 28% in April 2008. The differences are explained below:

	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
Profit on ordinary activities before tax	83,275,065	261,543,665
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30%	-	78,463,100
Profit on ordinary activities multiplied by the blended rate of corporation tax @ 28.8% (average rate per period)	23,983,218	-
	23,983,218	78,463,100

(b) Factors affecting tax charge in period (continued)

Effects of:

Movement in exchange rate of US\$ to £Sterling	-	244,646
Non taxable profit on sale of investment	-	(61,018,801)
FX gain on tax settlement	(1,800,900)	-
Total current tax	22,182,318	17,688,945

Lakeside Finance

Notes (continued)

6 Loans and advances

	31 December 2008 US\$	30 September 2007 US\$
<i>Amounts falling due within one year</i>		
Due from group undertaking	379,070,189	278,011,285
<i>Amounts falling due greater than one year</i>		
Due from group undertakings	752,000,000	752,000,000
	<u>1,131,070,189</u>	<u>1,030,011,285</u>

7 Debtors

	31 December 2008 US\$	30 September 2007 US\$
Corporation tax receivable	-	1,017,775
Accrued interest receivable	695,196	40,532,899
	<u>695,196</u>	<u>41,550,674</u>

All debtors fall due within one year.

8 Creditors: amounts falling due within one year.

	31 December 2008 US\$	30 September 2007 US\$
Other creditors	15,500	13,068
Due to group undertakings	-	1,017,776
Amount due for UK tax	120,933	-
	<u>136,433</u>	<u>1,030,844</u>

Lakeside Finance

Notes (continued)

9 Share capital

	31 December 2008 US\$	30 September 2007 US\$
<i>Authorised:</i>		
1,000,000,000 ordinary shares of US\$1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<i>Allotted, called up and fully paid:</i>		
801,004,002 ordinary shares of US\$1 each	<u>801,004,002</u>	<u>801,004,002</u>

10 Reconciliation of movements in shareholders' funds

	31 December 2008 US\$	30 September 2007 US\$
Total recognised gains and losses for period	61,092,749	243,854,720
Opening shareholders' funds	<u>1,070,854,040</u>	<u>826,999,320</u>
Closing shareholders' funds	<u>1,131,946,789</u>	<u>1,070,854,040</u>

11 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 13 below.

12 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 7XZ, United Kingdom.

13 Approval of financial statements

These financial statements were approved by the directors on 7 July 2009.