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Lakeside Treasury

Directors' report and
financial statements

Period ended 31 December 2008

Registered number  351469

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Lakeside Treasury

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 (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 Treasury

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 engaged principally as a holding 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 Morgan	5,000	-	(5,000)	-	-	2.05	24.03.08-23.03.15

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 Morgan	1,357	-	-	(1,357)	-	-	-	01.08.08- 01.08.09

Lakeside Treasury

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 Treasury 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 Treasury

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 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 Treasury

We have audited the financial statements of Lakeside Treasury 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.

Independent auditors' report to the members of Lakeside Treasury *(continued)*

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.

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 loss 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.

KPMG

*Chartered Accountants
Registered Auditor
1 Harbourmaster Place
IFSC
Dublin 1*

14 July 2009

Lakeside Treasury

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 the company's ultimate parent undertaking prepares consolidated financial statements into which Lakeside Treasury 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.

Lakeside Treasury

Statement of accounting policies *(continued)*

Impairment

The recoverable amount of the Company's investments are reviewed at each balance sheet date. Where the recoverable amount of an investment is less than the current book value, and that reduction in value is considered permanent, an impairment of the investment will be recorded and the impairment charged to the profit and loss account. If the reduction in value is considered to be only temporary in nature no impairment is recognised.

Taxation

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

In accordance with FRS 19, "Deferred Tax", except where otherwise required by 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.

Lakeside Treasury

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	2,432	2,487
Operating expenses	2	(12,360)	(10,302)
		<hr/>	<hr/>
Loss on ordinary activities before tax	3	(9,928)	(7,815)
Tax on loss on ordinary activities	5	2,780	2,345
		<hr/>	<hr/>
Retained (loss)/profit for the financial period/year		(7,148)	(5,470)
Profit and loss account at beginning of period/year		43,048,023	43,053,493
		<hr/>	<hr/>
Profit and loss account at end of period/year		43,040,875	43,048,023
		<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 Treasury

Balance sheet

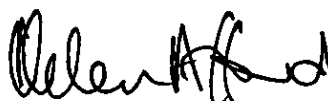
as at 31 December 2008

		31 December 2008 US\$	30 September 2007 US\$
	Note		
Fixed assets			
Financial assets	6	630,000,000	630,000,000
Current assets			
Bank and cash		56,642	62,480
		<u>56,642</u>	<u>62,480</u>
Creditors: amounts falling due within one year	7	(11,765)	(10,455)
		<u>44,877</u>	<u>52,025</u>
Net current assets			
		<u>44,877</u>	<u>52,025</u>
Net assets		<u>630,044,877</u>	<u>630,052,025</u>
Capital and reserves			
Called up share capital	8	400,000,002	400,000,002
Share premium	9	187,004,000	187,004,000
Profit and loss account		43,040,875	43,048,023
		<u>630,044,877</u>	<u>630,052,025</u>
Shareholders' funds - equity	10	<u>630,044,877</u>	<u>630,052,025</u>

On behalf of the board



Gregory Croydon
Director



Helen Afford
Director

7 July 2009

Lakeside Treasury

Notes

forming part of the financial statements

1 Operating income	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
Interest income	<u>2,432</u>	<u>2,487</u>
2 Operating expenses	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
Administrative expenses	<u>12,360</u>	<u>10,302</u>
	<u>12,360</u>	<u>10,302</u>
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	<u>12,360</u>	<u>10,302</u>
4 Staff numbers and costs		
The company had no persons directly employed at any time during the financial period.		
5 Tax on profits on ordinary activities	Period ended 31 December 2008 US\$	Year ended 30 September 2007 US\$
(a) Analysis of charge in period		
Corporation tax credit	<u>2,780</u>	<u>2,345</u>
Total tax credit (note 5(b))	<u>2,780</u>	<u>2,345</u>

Lakeside Treasury

Notes (Continued)

5 Tax on profits on ordinary activities (continued)

(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 12½% 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\$
Loss on ordinary activities before tax	(9,928)	(7,815)
Total loss on activities before tax	(9,928)	(7,815)
Loss on ordinary activities multiplied by standard rate of corporation tax 30%	-	(2,345)
Loss on ordinary activities multiplied by blended rate of corporation tax 28.8% (average rate for the period)	(2,859)	-
<i>Effects of:</i>		
FX gain on tax settlement	79	-
Total current tax credit	(2,780)	(2,345)

Lakeside Treasury

Notes (Continued)

6 Financial assets	31 December 2008 US\$	30 September 2007 US\$
Shares in subsidiary undertaking	<u>630,000,000</u>	<u>630,000,000</u>

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>
<i>At 31 December 2008 and 30 September 2007</i>				
Brambledike Limited	U.K.	407,371,484 shares of GBP 1 each	100%	Corporate financing

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. Any reduction in value due to the weakening of the British pound is considered only temporary in nature and no impairment is recognised.

7 Creditors: amounts falling due within one year	31 December 2008 US\$	30 September 2007 US\$
Other creditors	<u>11,765</u>	<u>10,455</u>
	<u>11,765</u>	<u>10,455</u>

8 Share capital	31 December 2008	30 September 2007
<i>Authorised:</i>		
1,000,000,000 ordinary shares of US\$1 each	US\$1,000,000,000	US\$1,000,000,000
2 ordinary shares of €1 each	€2	€2
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid:</i>	US\$	US\$
400,000,000 ordinary shares of US\$1 each	400,000,000	400,000,000
2 Ordinary shares of €1 each	2	2
	<u> </u>	<u> </u>
	<u>400,000,002</u>	<u>400,000,002</u>

Lakeside Treasury

Notes (Continued)

9 Share premium	31 December 2008 US\$	30 September 2007 US\$
Arising on shares in issue	187,004,000	187,004,000
10 Reconciliation of movements in shareholders' funds	31 December 2008 US\$	30 September 2007 US\$
Total recognised gains and losses for the period	(7,148)	(5,470)
Opening shareholders' funds	630,052,025	630,057,495
Closing shareholders' funds	630,044,877	630,052,025

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 relationship and controlling party

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